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## Russia Steps Up Grozny Assault Chechnya Sees Bombing as Demoralization Tactic

By Michael Specter  
*New York Times Service*

GROZNY, Russia — In a major escalation of the war for the separatist Chechen Republic, Russian jets struck at the center of Grozny on Monday night after helicopters and artillery units unleashed a fierce offensive on the villages that ring the capital.

The bombing began late Sunday when it became clear that the negotiations between President Boris N. Yeltsin and the Chechen leader, Dzhokhar Dudayev, were not advancing, but it increased throughout the day Monday.

Mr. Dudayev called for new talks late Monday and said military action should be halted, the star-Tass news agency said. Itar-Tass did not make it clear if Mr. Dudayev was offering a cease-fire.

Reuters reported that Russian troops captured the village of Petropavlovskaya, just 10 kilometers (6 miles) from Grozny, pushing Chechen fighters back to the edge of the city.

In Moscow, the news agency Interfax reported that Sergei A. Filatov, Mr. Yeltsin's chief of staff, said that the blockade

of Grozny would be completed Monday and that the southern corridor, which Russia had left open to permit civilians to flee the city, would be blocked off.

The government issued a statement repeating its promise to step up military action to bring the republic into line.

Russian soldiers were closing in from the west at Dolinsk, which has sustained the heaviest fighting to date. To the last day, bombers have attacked the capital's television tower, a major gas pipeline on the southern edge of the city and an electrical station in the north.

Although the Russians appear to have tried to bomb mostly strategic positions in the capital, warplanes struck at a residential neighborhood on Monday for the first time, hitting Oktoberskaya, on the edge of Grozny. There were no injuries in that bombing, but two houses were destroyed.

The Chechen press service said that seven Russian tanks had been destroyed and that many Russian soldiers had been killed, but the number of casualties in fighting around Grozny on Monday could not be independently determined.

"We are now surrounded on all sides

except for the mountains," said Musa Mirzheyev, Mr. Dudayev's personal military adviser. When asked whether Russia was picking its targets carefully or bombing indiscriminately, he replied: "The Russian empire was never capable of using a scalpel. It has always barged into other people's gardens with a bear's claw."

"What can be more strategic than demoralizing the population," he said. "This is a psychological attempt to drive our people from their capital."

Nobody was fleeing, in part, perhaps, because there was nowhere to go. In fact, there was little motion in the capital, which was covered with snow and wrapped in a thick, impenetrable fog from dawn to dark. The fog may be the only thing preventing Russian troops from cutting all remaining roads to the city.

Light were dimmed in the Presidential Palace, where enormous sides of beef were stacked on the tables in the unheated lobby. Next to them, reserved for dozens of soldiers milling about the palace, were jars of spiced pickles and bread donated by

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## The Harsh Tones Coming From Beijing

### Nervous About Deng's Health, Chiefs Try to Prove Toughness

By Patrick E. Tyler  
*New York Times Service*

BEIJING — With a new wave of repression and nationalistic bluster on issues like trade and national defense, Communist Party leaders are asserting their authority in ways that Western diplomats attribute to the further decline of Deng Xiaoping's health.

As Mr. Deng's health has deteriorated through the fall, the Chinese leadership has banded down long prison sentences to dissidents, increased overall security in Beijing and threatened trade retaliation against the United States if Washington cracks down on the rampant pirating of compact disks in China.

Trade Minister Wu Yi said last week that a trade war would erupt if Wash-

ton decided on sanctions over copyright piracy in China.

"The day when the United States produces its list for retaliation will be the day when China produces its own," Ms. Wu told the official People's Daily.

What's more, negotiations over China's bid to enter the World Trade Organization by the Dec. 31 deadline have been marked by rising political rancor.

At the same time, while military cooperation between the United States and China has been improving, a cat-and-mouse encounter between an American aircraft carrier and a Chinese nuclear submarine in late October has rankled Chinese officials and resulted in sharp recriminations.

Pentagon and State Department officials have confirmed the incident, which was first reported by the Los Angeles

Times, saying that the carrier battle group of which the Kitty Hawk was a part detected one of China's five Han-class nuclear attack submarines in the Yellow Sea. The carrier's anti-submarine escorts dropped sonar buoys to track the submarine, which headed for its base at Qingdao on the Shandong Peninsula, and China scrambled air force jets that flew within sight of the American battle group as it tracked the submarine.

At a dinner with a U.S. military attaché in Beijing, a Chinese official later asserted that another such incident could lead to a military clash.

American analysts attribute the tough talk to political uncertainty in Beijing.

"No one dares be anything but a strong

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A REAL COUNTDOWN ON HONG KONG — Three soldiers in snowy Beijing passing a clock installed in Tiananmen Square on Monday to count down the 925 days until Hong Kong returns to China in 1997.

### Kiosk

#### Iraq Misled Inspectors, UN Asserts

UNITED NATIONS, New York (AP) — Iraq has misled UN inspectors investigating Baghdad's biological warfare program and has concealed radar used to track ballistic missiles, the United Nations said in a report issued Monday.

The report is likely to increase opposition in the Security Council for any early lifting of the UN oil embargo against Iraq. France and Russia have called for an easing of sanctions once

Iraq programs to develop weapons of mass destruction are dismantled. The report was released by the special commission set up after the Gulf War to dismantle and monitor Baghdad's weapons programs.

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## Czechs Seize 3 And Suspected Uranium-235

Compiled by Our Staff From Dispatches

PRAGUE — Czech police have seized nearly three kilograms of what they suspect is uranium-235, which is used in nuclear warheads, and detained three people, including an expert in nuclear physics, the Interior Ministry said Monday.

A ministry spokesman, Jan Subert, said tests were still under way on the radioactive material, which came from the former Soviet Union and was seized in Prague on Wednesday. But he said Czech experts were 90 percent sure that it was a highly enriched isotope of uranium-235.

Mr. Subert said two of those arrested were citizens of the former Soviet Union, but he refused to say from which country. The third man was a Czech nuclear physicist. The material, which was safely packed, carried a Russian certificate.

"According to the certificate it is highly enriched uranium," Mr. Subert said. "Uranium-235 functions as an explosive and it is used to the warhead of rockets."

The International Atomic Energy Agency in Vienna said it was concerned that such material could become available illegally, but noted that the amount was not enough to make a bomb.

The police, who had been tipped off, caught the three unarmed men as they drove through a suburb of Prague, he said, adding that seizure was the biggest of such material in the Czech Republic. The 90 percent enriched uranium-235 was stored in two cylindrical containers.

The three men were charged with illegal possession of nuclear material, a senior police officer said.

The Czech scientist has not been officially employed in the nuclear industry for several years, the police said.

Smaller amounts of nuclear material have been seized, notably in Germany. Specialists believe this was the first seizure

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Newsstand Prices	
Bahrain...0.800 Din	Malta...25 c.
Cyprus...C. \$1.00	Nigeria...10.00 Naira
Denmark...14.00 D. Kr.	Norway...15 N.Kr.
Finland...11 F.M.	Oman...1,000 Rials
Gibraltar...\$2.85	Qatar...8.00 Rials
Great Britain...\$2.85	Saudi Arabia...9.00 R.
Egypt...E.P. 5000	South Africa...R. 8
Jordan...J.D.	U.A.E...\$2.50
Kenya...K. Sh. 150	U.S. Mill. (Eur.)\$1.10
Kuwait...\$500 Fils	Zimbabwe...Zim.\$20.00

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5790.70	1122.21
The Dollar	
New York	
Mon. close	previous close
D.M.	1.5735
Pound	1.5605
Yen	100.115
FF	5.421
	5.4235



Mr. Carter waiting to begin a tour of Sarajevo on Monday.

## Serbs Agree To 4-Month Cease-Fire, Carter Says

White House Cautious After Rejecting Earlier, Conciliatory Approach

By John Pomfret  
*Washington Post Service*

PALE, Bosnia-Herzegovina — Former President Jimmy Carter announced Monday that Bosnian Serbs had agreed to stop attacking Muslims and blocking their food as long as the two sides resumed peace negotiations.

The Clinton administration kept its distance from Mr. Carter's first day in Bosnia.

While Washington may not back Mr. Carter's negotiating stance, the Serbs will undoubtedly be able to use the pronouncements to become even more intransigent in the face of international pressure to end Bosnia's war. (European officials are skeptical of Mr. Carter's mission. Page 2)

"I would only say that I think we've been pretty clear as to who we think the aggressors are — the Bosnian Serbs are the aggressors in this war," said the White House spokeswoman, Dee Dee Myers. "The American people have had two years of what's happening on the ground there and to see both sides of the story."

Ms. Myers was responding to a statement by Mr. Carter, who was invited by the Bosnian Serbs' leader and who contended that the American public had "heard primarily one side of the story" about Bosnia's war.

"It may be that today is one of the rare chances to let the world know the truth and to explain the commitment of the Serbs for a peace agreement," Mr. Carter told his Serbian hosts.

While Mr. Carter said any new talks must be held on the "basis" of an internationally brokered peace plan, the Serbs understood Monday's agreement to mean that the plan would essentially be dismantled in a move that could throw peacemaking efforts in Bosnia into disarray and leave the Serbs sitting on 70 percent of this country.

"Yes, it is open to negotiation, yes, the whole plan," a joyous Nikola Koljevic, vice president of the self-proclaimed Republika Srpska, declared after talks ended with Mr. Carter. "This is a victory for democracy, for us, for the Serbs."

The results of Mr. Carter's mission to Bosnia amounted to a triumph for the Serbs who have opposed the international peace plan from the moment it was issued in May. By winning the ear of a former American president, the Serbs won their first important public relations battle over the Muslims, who so far have done far better in that arena than they have in the battlefield.

The Serbs also garnered several other diplomatic points from the former American president, who told Serbian leaders, blamed for the worst bloodshed in Europe since World War II, that their image had suffered from biased media coverage. And in an extraordinary statement, Mr. Carter

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## Clinton Proposes a Dramatic Overhaul

By Paul F. Horvitz  
*International Herald Tribune*

WASHINGTON — President Bill Clinton announced a major effort on Monday to shrink the size and reach of the federal government, and he challenged the new Republican-controlled Congress to help him without "rhetoric and recklessness."

Many of the suggested changes would have been considered revolutionary only a few years ago.

But in the context of the lean-government demands of Republicans and independent voters, the White House has become an ardent bidder in a political process that has the potential to remake quickly the very concept of what the U.S. government should be.

The next House Budget Committee chairman, John R. Kasich of Ohio, said he was "encouraged" by the president's action but declared: "He hasn't gone far enough."

Notably, the current wave of cuts is largely designed to offset tax breaks that both the White House and the Republi-

cans are promising. Only 18 months ago, the fever for cuts was focused on reducing the federal deficit.

These are some of the major changes envisioned by Mr. Clinton, designed to save some \$20 billion over the next five years and decentralize government functions:

- The Department of Energy would turn over management of its national petroleum reserve to private oil companies and stop selling below-market electric power from federal hydroelectric dams.

- The Transportation Department would transform the air traffic control system into a quasi-public corporation.

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## Japanese Troops Show the Flag in Style

By Keith B. Richburg  
*Washington Post Service*

GOMA, Zaire — Enter the Japanese military camp situated among Goma's squalid refugee camps and your shoes are sprayed with disinfectant by a soldier fitted with a yellow tank on his back. Fresh vegetables and meat are flown in on Japanese Air Force C-130 transport planes from Nairobi, Kenya, where they are served in a spotless mess tent.

After dinner, troops can call home twice a week on satellite phones or relax at the "Goma Hot Springs," a traditional Japanese bathhouse constructed in tents complete with slippers lined up at the entrance, potted plants and a view of Nyiragongo volcano as a scenic backdrop through an opening.

The 260-man Japanese military contingent here is served in style. It is the last foreign military unit assisting more than a million Rwandan Hutu who fled to Zaire in July after the takeover of their country by the Tutsi-dominated Rwanda Patriotic Front.

This operation is considered a first for Japan, an economic powerhouse still feeling its way to a larger political role — the

first time Japanese troops have been dispatched overseas for a humanitarian mission under their own command.

Japanese troops assisted in Cambodia and Mozambique, but both of those missions were defined as "peacekeeping" operations under a UN command, and the Japanese were given a limited role in areas considered safe and protected by troops from other nations.

After three months in Goma, the Japanese are now leaving — they are due home before the end of the year — but their officers hope their brief tour has advanced an image of Japan in a little-known corner of this poor continent.

"When I arrived here, I asked, 'Do you know Japan?' and they said yes, because they know Toyotas" and other products made in Japan, said Yoshio Nagawa, a UN refugee official who laid the groundwork for the arrival. "But they never saw the face of a Japanese."

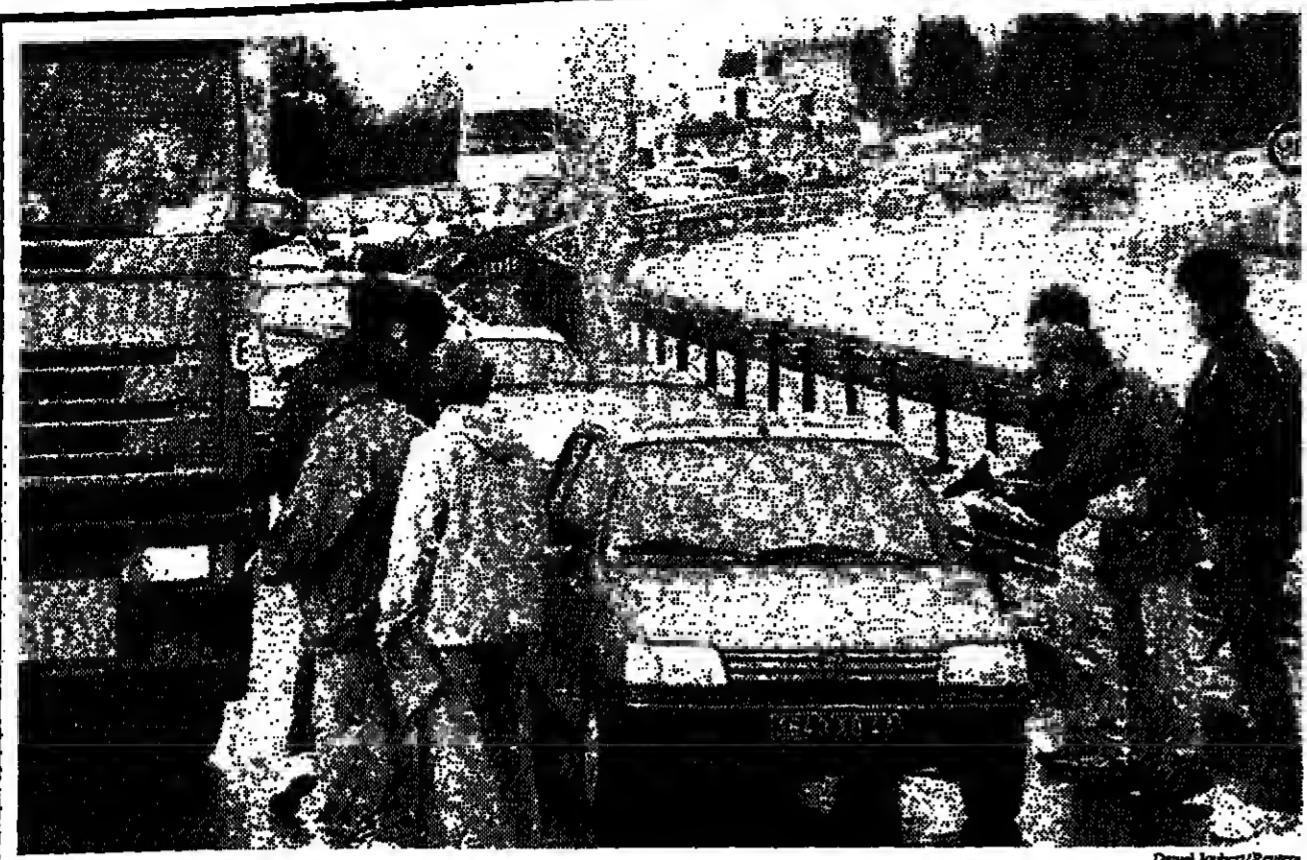
That has changed. Japan's military doctors at the Goma hospital treat about 50 patients each day. Its military engineers are building a drainage system at one refugee camp, and its

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## Who's Chasing Whom in Fox Hunting?

### New Law Allows Police to Go After Animal Rights Protesters

By John Darnton<br



WHAT'S THE BEEF? — French pig farmers protesting market price of pork Monday on a highway near Nantes.

## Priest's Crusade for Homeless Vexes French Leaders

**PARIS** — Abbé Pierre, a Roman Catholic priest who champions the poor, has burst into France's presidential election campaign by opening a spectacular crusade on behalf of the homeless.

The 82-year-old priest, who has personified France's conscience for 40 years, led 300 activists of the Right to Housing association who took over an empty building in Paris's chic Saint-Germain-des-Prés district on Sunday.

"I declare that we are here with 60 families in the name of the law," he told a small crowd.

He said the action was intended to highlight, a week before Christmas, the plight of 600,000 to 800,000 homeless people in France and 2 million more living in slum housing while many buildings stood empty.

"We won't leave here until there is a guaranteed rehousing solution," said the squatters' leader, Jean-Baptiste Eysnard.

Edouard Balladur, the conservative prime minister, a likely contender in the two-round presidential election in April and May, immediately met Abbé Pierre

and the association's founder, Albert Jacquard. The prime minister promised that the police would not take any action to remove the squatters until alternative housing was found.

As a gesture of respect, Mr. Balladur also provided an official car for Abbé Pierre to take him back to his monastery in Normandy.

Not to be outdone, Mayor Jacques Chirac of Paris, Mr. Balladur's chief rival and the only declared conservative presidential candidate, quickly announced he would institute legal procedures to commandeer, for the homeless, empty apartments and offices owned by large financial corporations.

"I will do this immediately, but I stress that we are talking of those apartments and offices belonging to large financial groups and empty for speculative reasons," Mr. Chirac told TF1 television.

Mr. Chirac, seeking to strike a more social-minded image as the presidential election nears, was eager not to frighten the middle-class voters who are among his staunchest supporters; some of them own apartments

that they keep off the rental market for speculative or other reasons.

Abbé Pierre's action was an embarrassment for Mr. Chirac, who is often held responsible for the "gentrification" of Paris by property developers since he became mayor in 1977. The developers have driven property prices up, forcing poorer families out of the city.

The squatters led by Abbé Pierre picked a five-story building in the midst of chic boutiques and restaurants and slated for conversion to luxury apartments.

The president of the poverty action group ATD Quart Monde, Geneviève de Gaulle, said her organization would challenge all presidential candidates to pledge to enact a law to fight poverty. She is a niece of Charles de Gaulle.

Abbé Pierre has fought for the poor since 1954, when he began a campaign to provide food, shelter and dignity for thousands of homeless people threatened with freezing to death in France's coldest postwar winter.

## Feud With Greeks? Albanians Puzzled

By Henry Kamm  
New York Times Service

**GJINOKASTER, Albania** — There are many ethnic disputes that keep Balkan governments at loggerheads, but the one between Greece and Albania seems to find little echo among the people themselves.

Greece and Albania speak to each other harshly, have expelled diplomats and have ended military cooperation. There has been a fatal border raid as well as repressive measures against ethnic minorities and a political trial that recalled the practices of Albania's Communist rule.

But in this mountaintop town near the Greek frontier, whose population of 29,000 consists mainly of ethnic Albanians, a visitor found no one to say an unkind word about Greece.

Ismail Kadare, a writer who comes from here and who now lives in Tirana, said: "There is something deeply wrong in today's relations. The dispute is artificial; there are too many friendships between Greeks and Albanians."

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## Peasant Rebels in Mexico Warn of Renewed Fighting

By Tod Robberson  
Washington Post Service

**MEXICO CITY** — The peasant rebel Zapatista National Liberation Army announced Monday that it had mobilized for an imminent renewal of fighting and that thousands of its guerrillas had skirted a Mexican Army cordon to take up positions in towns across southern Chiapas state.

Although no fighting has been reported, news services said that armed and masked peasants had been seen at road blocks in some parts of the state

and that at least one town hall had been seized by gunmen.

Mexico City's Radio Red network reported that a dynamite explosion occurred in one rural village seized by peasants, but the report could not be confirmed.

The mobilization threatened an 11-month cease-fire that went into effect two weeks after the Zapatistas, armed mostly with hunting rifles, launched their uprising on New Year's Day. The Zapatistas have on at least two previous occasions declared "red alerts" in anticipation of renewed fighting with the Mexican Army, only to dissolve back into the jungle.

The latest announcement, however, marked the first time the Zapatistas had claimed to have spread beyond their government-recognized zone.

At a jungle news conference, the Zapatista leader, Subcomandante Marcos, described the mobilization as a "military action" to guard against any surprise attack by the Mexican Army.

## Parties File 3 Censure Motions on Berlusconi

—Agence France-Presse

**ROME** — Parties of Italy's opposition and governing coalition presented three separate censure motions to lawmakers Monday against the government of Prime Minister Silvio Berlusconi, the parties said.

The embattled prime minister and businessman hit back by calling for early elections and denouncing what he called the "betrayal" of the electorate that the motions represented.

The first motion was made by a Marxist party, the Communist Re-establishment Party, the second jointly by the federal Northern League and the centrist Popular Party, the former Christian Democrats. The third motion from the former Communists, the Party of the Democratic Left, the League is nominally a Berlusconi ally.

The motions will be debated Wednesday and are to be voted on Friday. Mr. Berlusconi's government could fall if a significant majority of all four parties back the call.

Before the censure debate, deputies are to vote on Mr. Berlusconi's 1995 draft austerity budget, which was approved in the Senate on Monday.

Mr. Berlusconi repeated earlier calls for early elections "to let the voters speak again."

Addressing supporters of his Forza Italia party in his Milan stronghold, he denounced the motions as a "betrayal" of the electorate should they lead to the formation of a new administration incorporating the "non-liberal" former Communists.

The Northern League leader, Umberto Bossi, said earlier that Mr. Berlusconi was "all finished" because more than 60 of the party's 103 lawmakers pledged to vote for the censure motion and their votes and those of the three opposition parties would topple the government.

That military agenda, he said, will be closely scrutinized in Bosnia for hidden Western political intentions. For example, a key suggestion for better winter logistics involves securing a land corridor from the Adriatic to Sarajevo.

In Bosnia, that is liable to be read as something more, as a sign that the Western governments are shifting the focus away from the Muslim-held enclaves in western Bosnia.

If Mr. Carter's trip ends in failure, a European official said, it "is liable to be seen as more disguised American meddling" in Europe, not in Bosnia.

The Carter trip has already aroused suspicions in Europe because of the Clinton administration's last-minute decision to give it semi-official status by extending some U.S. logistical and political support.

U.S. citizens going to Bosnia should avoid crowds and exercise caution, following anti-government protests there, the State Department advised Americans traveling abroad.

Seven people died and 53 suffered frostbite in Moscow after temperatures plunged below minus 25 degrees centigrade (minus 13 degrees Fahrenheit) over the weekend. The Interfax news agency said all the victims had been drinking heavily.

Hundreds of railroad workers marched in Oslo and held wildcat strikes around the country Monday to protest cost-cutting plans by the state railroad.

Gasoline stations in Lagos, Nigeria's commercial center, had long lines Monday due to shortages of fuel that have spread throughout most of the country.

Albania slowed to a crawl as electricity was rationed by the government because of drought in the river system supplying most of the country's hydroelectric power. The capital, Tirana, was lit by car headlights.

Lebanon will try to get the United States to lift a travel ban on Americans to that country imposed in 1985, at the height of the 1975-90 civil war, a Lebanese official said Monday. The ban also prevents Middle East Airlines from flying to and from the United States and selling tickets there.

## WORLD BRIEFS

### Another Child Kills Himself in Japan

TOKYO (AP) — A 10-year-old boy hanged himself in his home in eastern Japan, the police said Monday. It was the latest in a recent outbreak of similar youth suicides. A note, found in the room where his mother found him hanging by an electrical cord, said: "I want to go to a different life because I'm sick of this one."

The police said he was pronounced dead Sunday at a hospital near Kamikawa, about 120 kilometers (75 miles) north of Tokyo. The police did not make public the boy's name and said they did not know whether he killed himself because of bullying at school, which has been the motivation behind at least three of five similar youth suicides in Japan in the last month.

### A Warning to Foreigners in Karachi

KARACHI, Pakistan (Reuters) — Foreign embassies are urging their nationals to take extra precautions in Karachi, where at least 140 people have been killed in ethnic and sectarian violence this month, diplomats said Monday.

The U.S. Consulate's latest advice to Americans living in the southern port city is to stay away from districts where gunfire has been reported in the last few days. A consulate advisory also tells U.S. citizens to "avoid crowds, marches, funerals or protests, congested areas or obstacles (like burning tires or vehicles) in the road." It cautions them not to go walking or jogging in public parks or on roads.

### Iran Helps Iraq Sell Oil, U.S. Asserts

NICOSIA (Reuters) — The United States has accused Iran of helping Iraq violate the United Nations oil embargo and threatened fresh UN action to discourage such activity, the Middle East Economic Survey reported Monday.

The newsletter said the accusation was made in a letter to the United Nations Security Council's Sanctions Committee, which is charged with enforcing the embargo on Iraq's oil, imposed after Iraq invaded Kuwait in 1990.

### Israel Bloc Survives Biblical Storm

JERUSALEM (Reuters) — The Israeli government on Monday easily defeated a no-confidence motion called by rabbis in Parliament in a feud over the character of the biblical King David.

Supporters of Prime Minister Yitzhak Rabin's Labor-led coalition beat the motion, 56 to 41.

Ultranationalist members of Parliament forced the vote over a comment by Foreign Minister Shimon Peres last week that King David may have acted immorally 3,000 years ago when he slept with the wife of one of his warriors and sent the husband to die in battle.

### Bulgaria Elects Former Communists

SOFIA (AP) — Popular discontent over lingering instability and falling living standards propelled the Bulgarian Socialist Party, the former Communists, into power in the country's parliamentary elections.

According to the election commission, the Socialists will command an absolute majority of 124 seats in the 240-seat Parliament. Their main rivals, the Union of Democratic Forces, will gain 68 seats.

Computation of the distribution of seats was based on 92 percent of the votes counted in Sunday's election. Few changes were expected in the final tally, according to an election commission spokesman.

### Tamil Rebels Kill 3, but Talks Go On

COLOMBO (AP) — Tamil guerrillas killed three soldiers Monday, but rebel leaders and government officials went ahead with discussions for their next round of peace talks.

The predawn attack on an army bunker occurred in Well-Oya, 220 kilometers (135 miles) northeast of Colombo, Major General Gennaro Kulatunga, the military's spokesman, said in the capital.

### For the Record

A chartered plane carrying families home for Christmas reunions crashed in a remote mountainous area of Papua New Guinea, killing all 28 people aboard, aviation officials said Monday. The plane had been chartered by the Missionary Fellowship of Melbourne.

## TRAVEL UPDATE

### Cunard Yields to Angry Passengers

LONDON (Reuters) — The Cunard shipping company agreed on Monday to produce individual compensation packages for about 500 passengers who missed out on a Christmas cruise on their QE2 liner because a refurbishment was not finished on time.

It came up with the offer after one of the frustrated passengers, David Steene, an attorney, picketed its London headquarters. He received an unscripted apology both for me and the other passengers," Mr. Steene said after meeting with Cunard officials who at first refused to see him.

Mr. Steene, who paid £19,000 (\$29,600) for the trip, was among 190 passengers left on the dock when the QE2 sailed from Southampton on Saturday for New York. Another 300 people had been told by Cunard earlier that they would not be able to travel. Their cabins were not ready because contractors had failed to complete the plumbing. Cunard initially offered a refund, plus a free cruise next year and \$250 spending money.

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(Reuters)

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Bolivia	0-800-2222	Greece(CC)	00-19-99	Kuwait	0000-624	Poland(CC)	0-800-1177
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# THE AMERICAS / PRESSING VERY HARD

## Pilots Thought They Were in South Korea, Tapes Show

By Steven Greenhouse

*New York Times Service*

WASHINGTON — The Pentagon released tapes Monday in an effort to show that the two army pilots whose helicopter strayed into North Korea before going down were not on a hostile surveillance mission and thought they were in South Korea.

The Clinton administration also warned that relations could soon take a turn for the worse if North Korea did not soon release one of the captured pilots and turn over the remains of the other. Their helicopter went down Friday night north of the demilitarized zone.

Asserting that the pilots had unwittingly strayed north of the demilitarized zone, Pentagon officials released their last radio message in which they said they were at a site in South Korea,

though they went down seconds later about 27 kilometers (17 miles) away in North Korea.

"Clearly they were not where they thought they were," a senior Pentagon official said at a news briefing. "Why they were not where they thought they were we don't know."

President Bill Clinton vowed at a news briefing to push for an "early resolution" of the incident and said, "We're doing the very best we can."

The White House press secretary, Dee Dee Myers, said the administration was "pressing very hard" for the return of the body of Chief Warrant Officer David Hilemon and the return of Chief Warrant Officer Bobby Hall.

Recognizing that North Korea is eager to normalize relations with the West, the State Department said the way Pyongyang handles the crisis will

help determine how fast the United States moves to improve relations with the North.

"The American people are clearly very concerned about the fate of these two crewmen," said Mike McCurry, a State Department spokesman.

"The American people will in some sense form a judgment about North Korea based on how North Korea responds to our repeated requests for more information and more details about the incident," he said.

North Korea has said it shot down the helicopter, killing Mr. Hilemon and capturing Mr. Hall. But the Pentagon said Monday that it could not confirm whether the helicopter was shot down or was forced to make an emergency landing.

The White House announced Sunday that Mr. Hilemon was killed when

the helicopter went down, while Mr. Hall was in North Korean custody and apparently uninjured.

Mr. Clinton said he has asked Representative William B. Richardson, a New Mexico Democrat who was visiting North Korea, to extend his stay to seek to negotiate the release of Mr. Hall and the remains of Mr. Hilemon. "I've worked on this all weekend," Mr. Clinton said at the news briefing. "I'm going to keep working on it."

American officials said Mr. Richardson had several meetings Monday in North Korea, while United Nations military officials met with North Korean military delegates at the border village of Panmunjom. In addition, the State Department said there has been a flurry of faxes and phone calls to North Korean diplomats at the United Nations in New York.

"We clearly want an early resolution to this matter and a full accounting," Mr. McCurry said.

■ Flights Halted Along Border U.S. defense officials, who asked not to be identified, said that helicopters from the 4th Battalion of the 501st Aviation Regiment based at Camp Page northeast of Seoul would not fly along the border until an investigation of the downing was completed, news agencies reported.

The Democratic administration's delicate handling of the situation was matched by cautious statements by incoming leaders of the new Republican-majority Congress.

"I think we should be patient and be calm," said the incoming House speaker, Newt Gingrich. "Let's work our way through this." (Reuters, AP)

## Suburbia's Emerging Political Clout May Redefine the Rules

By Karen De Witt

*New York Times Service*

WASHINGTON — While the 1990 census found that the majority of Americans live in the nation's suburbs, the national election last month confirmed the demographic phenomenon: suburban voters, and particularly those living in the South, now hold the key to political power.

And politicians have already

begun to see their futures shifting, with Republicans predicting a rosy future among the land of malls and Democrats bemoaning their fate.

Yet political analysts, demographers and academicians say the picture emerging in new political muscle in the suburbs presents a murkier picture than a simple win or lose scenario for either major party.

Some contend that the very

diversity of today's suburbs prevents one party from locking up the votes. But others say the suburbs present a fundamental realignment between urban and rural needs, between the haves and the have-nots, as more affluent citizens physically distance themselves from the problems of poor urban residents.

But experts concede, that an electorate that resides primarily

in the suburbs has implications for the future of the nation as profound as the shift from rural to urban at the end of the 19th century.

"America has begun a suburban era of political control," said William Schneider, a political analyst at the American Enterprise Institute.

If party affiliation is any indication, that would appear to bode well for Republicans, and

it represents a reversal in traditional party constituencies.

The Republicans, who have long been identified with big business, are now viewed by many voters, rightly or wrongly, as a populist party. And their increasing conservatism on social issues in recent years dovetails comfortably with Southern attitudes toward issues like the role of religion in public life.

But the major driving force behind the shift, say political scientists, is suburban sprawl and the conservative attitudes it spawns.

According to a survey conducted by VNS, the organization that does the exit polling for the ABC, NBC, CBS and Fox television networks, the electorate in 1992 identified itself as 38 percent Democratic, 35 percent Republican and 27 percent independent. In the suburbs, the lineup was 35 percent Democrat, 38 percent Republican and 27 percent independent.

In 1994, the nation as a whole identified itself as 37 percent Democrat, 35 percent Republican, and 28 percent independent. The suburbs were 33 percent Democrat, 37 percent Republican and 30 percent independent.

"The suburbs represent a pretty heavy swing vote today," said Murray Edelman, the head of VNS. ... But whether this means a rise

in a Republican electorate, as some analysts predict, is debatable.

Especially in elections for the House of Representatives, voting in 1994 was marked by striking Republican gains in the suburbs, some of which erased abnormally high Democratic votes just two years before.

"It's true that historically the suburbs have been Republican," said Curtis Gans, president of the Committee for the Study of the American Electorate, a nonpartisan research institute. "But there is no reason to believe that will continue."

"Looking at long-term polls, what you see is that suburban voters are moving more and more to independent. The suburbs are too volatile and too various. One set of appeals may work in one suburb, but not in another."

Until this year, a big Democratic margin in the large industrial and unionized cities in states like Illinois, Ohio and Michigan virtually guaranteed the election of a Democratic governor despite the more conservative Republican leanings of the historically rural parts of those states.

But in November, the Republican gubernatorial candidates came out on top despite strong urban support for their Democratic rivals. And it was the suburban voters who made the difference.

## ★ POLITICAL NOTES ★

### Cash Drops Went to Clinton, Pilot Alleges

WASHINGTON — An independent counsel, Donald C. Smaltz, says he is investigating allegations made by a former pilot for Tyson Foods Inc. that he ferried envelopes from the company that were full of cash destined for Bill Clinton while Mr. Clinton was governor of Arkansas.

The pilot, Joseph Henrickson, who was dismissed from Tyson last year and later sued the company, alleges that on at least six occasions, mostly in the 1980s, he carried sealed white envelopes intended for Mr. Clinton from Tyson's headquarters in Springdale, Arkansas, to an airstrip in Little Rock.

Mr. Henrickson contends that, in each case, Tyson officials told him that the envelopes, which he said were a quarter-inch thick and filled with \$100 bills, were for Mr. Clinton. Most of the time he gave the envelopes to receptionists at the airstrip, but once Mr. Henrickson said he handed an envelope to a plainclothes state trooper who was waiting on the tarmac for the drop-off.

Mr. Henrickson's allegations are contained in this week's issue of Time magazine. The 43-year-old pilot declined to discuss the charges that he outlined in the magazine.

David E. Kendall, the personal lawyer for the president and Hillary Rodham Clinton, said: "I'm extremely surprised that these vague and baseless allegations are being irresponsibly bandied about. They are totally false and do not merit further comment." (WP)

### Gay-Rights Foe Has Friends in Capital

WASHINGTON — When it comes to rules and regulations that confer equality on homosexuals, the Reverend Louis P. Sheldon is a tireless crusader. Against them. And given the new conservatism of Congress, he may have more influence over such measures than many gay or lesbian leaders have.

Mr. Sheldon, a 60-year-old Presbyterian minister, is the founder and chairman of the Traditional Values Coalition, a national church network based in Anaheim, California. He puts the membership at about 31,000 churches, representing at least a dozen denominations.

Mr. Sheldon counts as a friend the new assistant majority leader of the Senate, Senator Trent Lott of Mississippi. The Republican senator was featured in the coalition's 1993 videotape, "Gay Rights/Special Rights: Inside the Homosexual Agenda."

In the House, Mr. Sheldon expects hearings on the subject of public school programs about homosexuality under a committee he said he received in September from Representative Newt Gingrich, Republican of Georgia, the incoming speaker. Mr. Sheldon said Mr. Gingrich did not "want kindergarten children or elementary school children being taught, where federal dollars are involved, that the homosexual lifestyle is just another kind of diversity."

Although Mr. Sheldon's base is Orange County, California, the coalition has a substantial Washington office, in a pale-yellow Victorian town house on Capitol Hill, not far from where Mr. Sheldon grew up.

"We are here at the capital because the churches sent us here," he said in an interview. "We stand upon the principles of Judeo-Christian values and beliefs. And there is no way we are going to say that homosexuality is viable." (NYT)

### Quote/Unquote

Representative Dan Glickman, Democrat of Kansas and a loser in the November election, joking about Washington's notorious reputation for abandoning those out of power: "The only one working in the family now is our son, and he won't take our calls." (NYT)

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## CNN Will Admit Error in Showing Tapes on Noriega

*The Associated Press*

MIAAMI — Faced with a large fine, Cable News Network agreed to make a mistake by broadcasting taped jailhouse conversations of Manuel Antonio Noriega as he awaited his drug trial.

As he prepared to sentence the network for contempt, Judge William Hoeveler of U.S. District Court gave CNN a choice: pay a substantial fine for contempt of court or broadcast an admission of error and pay only the costs of prosecution.

After a short recess, CNN agreed to admit it had made a mistake and pay the lesser court costs. Judge Hoeveler instructed the prosecution and defense attorneys to work out the wording of the CNN broadcast.

Four years ago, the network quoted from leaked tapes of the deposed Panamanian leader's telephone conversations with lawyers. Mr. Noriega was later convicted of drug charges and is serving a 40-year sentence.

The Atlanta-based network argued it was legally entitled to broadcast the tapes because it had a journalistic responsibility to show what it suspected was government misconduct in taping Mr. Noriega's calls.

On Monday, the president laid down a firm political marker for the Republicans, saying that tax cuts must be offset, "dollar for dollar," by spending

## CLINTON: One Blueprint for a Leaner Government

Continued from Page 1

although controllers would still not be permitted to strike.

• The Department of Housing and Urban Development would consolidate funds from 60 disparate housing programs and give states the authority to disburse them. Residents of some public housing projects would be given vouchers to obtain housing elsewhere if they preferred to move.

• The 60-year-old Federal Housing Administration would be privatized and compete in the insurance marketplace.

• The General Services Administration, the government's landlord and chief procurement agency, which directly or indirectly controls nearly \$60 billion in annual federal spending, says it will offer some pieces of its operations for sale to its employees.

Mr. Clinton was also said to be considering cuts in rail subsidies in their fashion their own budget plan. And in their view, some tax cuts will not need to be offset by spending reductions because they will theoretically stimulate economic activity and produce more tax revenue.

This thesis is rejected by the White House.

The Transportation, Energy and Housing departments have often been mentioned by Republicans as targets for elimination, but Clinton administration officials argued Monday that the nation needed a way to ensure highway and air safety, that a national energy strategy was vital and that housing problems needed a coordinated approach.

The challenge for Republicans appears to be far greater than for the White House. Mr. Clinton has said he plans a middle-class bill of rights that would include \$60 billion in tax cuts and job training vouchers.

Many Republicans are rallying behind a proposal for some \$200 billion in tax cuts. They promised over the weekend that they would enact tax cuts only after enacting offsetting spending cuts.

Mr. Clinton's plan envisions \$76 billion in spending reductions to pay for \$60 billion in tax cuts and \$16 billion for deficit reduction. In addition to the points announced on Monday, Mr. Clinton has proposed stretching out a freeze on discretionary federal spending through the year 2000, or two years beyond its 1998 lapse date. That should save about \$52 billion, the White House says.

Republicans say their plan, the details of which have yet to be announced, will neither add to nor reduce the federal deficit.

### 5 Elephant Killers to Die

*Reuters*

BEIJING — A Chinese court has sentenced five men, including two policemen, to death for killing 16 endangered elephants for their tusks, People's Court Daily said Monday. The Xishuangbanna Intermediate People's Court sentenced 14 others to suspended death sentences, life sentences or unspecified jail terms.

# International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Clinton Loses His Way

There was a speech to be given by the president the other night, but, alas, he didn't give it. And there is surely deep felt and well-justified unhappiness among vast numbers of middle-income Americans who — to quote a phrase that Bill Clinton has made familiar — "play by the rules" and yet find the federal government in a variety of ways shoving them around, misusing their tax dollars and being pretty haughty and snug about it all the while. But the remedies the president set out don't get to the source of their grievances and don't really even acknowledge, let alone address, what those grievances are. The proposals had a hush-money quality to them.

All this is why we found the speech disappointing. With its hitherto reversal of a sound policy regarding the danger of the federal deficit and its piecemeal offerings to a hostile electorate, the administration enters a bidding war with the Republicans that it can't win and in fact loses merely by entering.

For the first two years of his administration, Bill Clinton said that the deficit was the great threat to future prosperity. That was why he felt that at no small political cost to himself he had to propose raising taxes in Year One; it was also partly why he proposed health care reform and health care cost containment in Year Two. The health plan he actually introduced may have been a mess, but this reasoning was right. The first-year steps he took to drive down the deficit were Mr. Clinton's greatest accomplishment.

But already the deficit threatens to head back up again. What sense does it make in the face of such a recurring threat to reverse policy? And, to get down to political particulars, how can it be smart to invite a wider deficit that must inevitably drive up interest rates, hurting many of the same people the tax cuts are trumpeted as helping? The president says his tax cuts will be paid for, unlike, presumably, the larger ones the Republicans propose. But scraping together budget cuts to pay for tax cuts when the government is running deficits the size of these is circular.

— THE WASHINGTON POST.

## Ban Olympic Cheaters

Prince Albert of Monaco, a member of the International Olympic Committee, rates a gold medal for urging that athletes who use drugs to enhance their performance be banned from the Olympics for life. The problem has reached such disturbing proportions that only the most draconian penalties for all concerned — athletes, trainers, coaches, physicians and national sports federations — can deter further abuses.

The latest outrage is the drug-enhanced performance of the Chinese women's swimming team, which surged from nowhere a few years ago to overpower all other rivals. The Chinese took four silver medals at the 1988 Summer Olympics in Seoul, four golds and five silvers at the 1992 Olympics in Barcelona, and 12 of 16 gold medals at the world championships in Rome last September. Their dominance was so swift and so awesome that it immediately raised suspicions that they used drugs to build up muscle power.

China at first issued blanket denials. Then, after a dozen athletes, mostly swimmers, tested positive for steroids before or during the November Asian Games, China acknowledged the abuses but claimed that the athletes had acted on their own, not as part of a systematic program. China's drug-driven records mimic the earlier surge to world dominance by the East German women's swimming team, whose top medal winners later acknowledged using steroids.

Equally prodigious feats by Russians and East Europeans have been attributed to drugs, and Olympians from Europe, the United States and other nations have also been caught by drug tests and sent home from the Games. Such abuses are bad for the Olympics and for any sport, professional or amateur, where they occur. Drug cheating discourages athletes

— THE NEW YORK TIMES.

## Other Comment

### Yeltsin and the Chechens

Until now, Moscow had been able to ensure its interests in the Caucasian region by means that at times were highly dubious, but which always fell short of direct brute force. But by refusing to cave in to pressure, threats and subversion, the Chechen leader, Dzhokhar Dudayev, has forced Moscow to show its true colors. Boris Yeltsin's intervention in Chechnya is no doubt intended as a warning to other Russian republics with separatist ambitions. It will, in any case, contribute nothing to the further democratization of Russia. Mr. Dudayev may not be a paragon of democratic virtue, but the question of

whether the Chechens have the right to an independent state must be answered by the Chechens, not by Russian tanks.

— Neue Zürcher Zeitung (Zurich).

Boris Yeltsin's hesitation in the face of the Chechen rebels should come as no surprise. The Russian president may well be playing for his political survival in this regard. Nothing would be worse, in the situation facing him, than a demonstration of force turning into fiasco. And it is clear that the Chechens, survivors or descendants of survivors of Stalinian deportations, are not impressed by the noise of Russian boots and tanks.

— Jacques Audric, *Liberation* (Paris).

## Yeltsin Should Seek Accommodation With Chechnya

By William Safire

**W**Ashington — The Chechens are hoodlums and religious fanatics; their criminal clans are running an island of banditry within the Russian Federation; their gross national product is stolen goods. What is more, they were on the side of the Nazis in World War II. That is what Moscow wants the world to believe, as the Red Army moves to crush the secession of Chechnya, a republic of fierce independence Muslims.

An inkling that the disparaging assessment of Chechens may be Kremlin disinformation came in a New York Times opinion piece by John le Carré, the spy.

**T**he U.S. policy is to frown on any rocking of the Russian boat — to favor stability.

novelist and longtime student of Islam. Other nonestablishment types have been rounding out the picture of the 1991 secession of Chechnya from the Soviet empire.

For two centuries, these mountaineers have resisted Russian rule and fought against the eradication of their culture. Like many Ukrainians, they welcomed

Hitler's invaders as liberators from Stalin's tyranny; for this, they were murdered and scattered by the vengeful dictator until Nikita Khrushchev restored survivors to their homeland.

And like Ukraine, Chechnya seized the moment of the breakup of the Soviet Union to declare its independence in 1991. But it controlled no nuclear weapons and boasted no large army or navy. Although President Boris Yeltsin promised to leave it alone, he has refused to brook secession and has now sent his armed forces in to re-establish Russian rule in the capital, Grozny.

The reaction of the Clinton administration has been establishmentarian. The United States understands the need for Moscow to defend its sovereignty throughout the federation. If the Chechens are permitted to secede, other republics would follow. Possible results of this slippage toward subdivision: anarchy, tumult, civil war.

The U.S. policy is to frown on any rocking of the Russian boat — to favor stability within the present federation. The State Department therefore "under-

stands" Mr. Yeltsin's forceful imposition of national authority, with tanks and planes, within Chechnya. Clinton supports of Russia's rejection of Chechen secession is unequivocal (because Jimmy Carter has his hands full elsewhere).

This is not an outrageous or outlandish American position. The Russian mafia is permeated by Chechen enforcers; Grozny is a center of crime and corruption; and militant Islam, its symbol a crossed crescent and Kalashnikov, is a threat to peace. If Russia is to retain sovereignty, it must take responsibility for law and order within its borders.

Moreover, the former Soviet air force general leading the independence movement, Dzhokhar Dudayev, is no Jefferson Davis. The Chechen leader's hypocrisy was on display when he asked Turkey, which is waging war on its Kurdish Muslim minority, to intercede with Russia on behalf of its Chechen Muslim minority.

Thus, a good short-term argument can be made that the U.S. interest is in the stability that Mr. Yeltsin's crackdown should bring. But is anybody in Foggy Bottom thinking past the next election, to the long-term interest of the United States? To be pragmatic: Any event that diminishes the likelihood of Russia's re-

gaining superpower status is one to be encouraged, or at least not discouraged.

When George Bush, in his infamous "Chicken Kiev" speech, urged Ukraine to remain subservient to Moscow, he made the biggest geostrategic mistake of his presidency. Let Russia be Russia, and the smaller its imperialistic base, the better for peace in the next century.

To be principled, if that is allowed in modern diplomacy: The United States should not set its face against self-determination. When a distinct ethnic group in a specific place has a history of fighting for its freedom from oppression — and if it is able to protect minorities within its territory — then America should be on the side of evolving autonomy and, ultimately, sovereignty.

What should outsiders be rooting for in the showdown between the Kremlin and the fierce, often crooked secessionist Chechens? An accommodation.

President Yeltsin does not have to recognize the secession. Washington should quietly urge the Russians to back off, to claim a victory for restraint in a fuzzy compromise, and to make a hero of the tank commander who would not fire on civilians standing in his way.

The New York Times.

## After Afghanistan, Russia Faces Another Muslim Challenge

By John K. Cooley

**N**ICOSIA — Boris Yeltsin seems to have decided to subjugate Chechnya by military force. He should bear in mind the Chechens' historic links to militant Islam. Even if it is swiftly completed, President Yeltsin's military campaign against the tough rulers of what he once called a "state of bandits" could entail complications for both Eastern and Western Europe.

Frustrated by their inability so far to prevent a Muslim defeat in Bosnia, some Muslim powers, such as Turkey, Iran and Saudi Arabia, may feel drawn by the temptations of both history and strategy to support the godfather-like Chechen president, Dzhokhar Dudayev.

I encountered what Russian gangbuster police call the "Chechen mafia" by accident in Moscow last winter. Emerging from a central Moscow metro station on a cold Saturday morning, I faced well-armed men wearing astrakhan coats and sheepskin hats. They guarded a huge open-air market for big luxury cars.

"I'd avoid that place, if I were you," said a Russian friend later. "Those guys are a law unto themselves. All those cars you saw were stolen in Europe or the Middle East."

It is the West's "Middle East," which seems, to Russians, something to dominate the history of the Chechens and the other non-Russian peoples, mainly Mus-

lims, who live in ethnic islets in their mountains and valleys. In our time, when no one outside Chechnya recognized its declared independence from the former colonial power in Moscow, Mr. Dudayev's critics have said he was going too far; it might be all right to uphold independence from Moscow, but not to set up an Iranian- or Saudi-style Islamic republic in Grozny.

Grozny, after the Soviets withdrew from Afghanistan in February 1989, became a rallying and transit point for Arab veterans of the anti-Soviet war. From there they would take off to fight the new guerrilla wars in Egypt, Algeria, Bosnia, Kashmir and elsewhere. Some went to Sudan. There they have reportedly been imparting their killing skills, learned in CIA-managed training by U.S. and Pakistani special forces, to young guerrilla terrorist recruits who flock to the green banner of Islamism.

Through the long history of Russian-Turkish-Persian rivalry in the Caucasus rim the tangled skeins of strife between the Islam predominant in Grozny and the official and now, in post-Communist times, revived Russian Orthodox Church.

Catherine the Great, Czarina of All the Russians, unleashed in 1762 a crusade. She sought access to the Black Sea's warm water ports, and wanted to free Constantinople from the Ottoman Turks, who had conquered

it from the Byzantine Greeks in 1453. Her crusade failed. During its course, Russians tried to subdue Chechens, Georgians and hundreds of smaller nations and clans along their way.

Also in 1762, Sheikh Mansour, a Chechen religious leader, unleashed holy war against the Russian invaders. He rejected the serfdom inflicted on other Caucasus people. Fierce struggles continued until 1829, when Czar Nicholas I demanded, in the cruelest racist terms, the total uprooting of the Caucasian "blacks" (although most Caucasians are actually quite white).

Nicholas's campaign of ethnic cleansing against Muslims in Chechnya and elsewhere led only to even fiercer rebel violence. A new hero myth grew up around the figure of a leader called Jamil. His deeds were celebrated in more than 30 books published from 1854 to 1860.

Only in 1877, after more than a century of war, were the Caucasus rebels crushed. A half million Chechens, Circassians and others, burning with hate for the Russians, were deported to Brooklyn and Los Angeles, believe may have crossed them.

Law enforcement agencies in far-flung places will be on alert as President Yeltsin tries to keep the lid on the boiling Caucasus.

Mr. Cooley, an ABC News correspondent, is preparing a book on consequences of the Afghanistan war. He contributed this comment to the Herald Tribune.

## America Needs China in GATT and the World Trade Organization

By Michael H. Armacost and Lawrence J. Lau

**S**TANFORD, California — With the World Trade Organization scheduled to come into existence in January as the successor to the General Agreement on Tariffs and Trade, China is eager to achieve admission in time to become a charter member. It regards U.S. policy as the principal obstacle to this goal.

Beijing's desire for early membership in GATT is understandable. So is the interest of other nations in subjecting China to the disciplines of the multilateral trading system, and to the requirements for transparency and reciprocity that GATT membership requires.

China has become one of the world's biggest economies. In terms of purchasing price parity, it is arguably already the second or third largest. China is a major force in world trade. And for the last few years it has been the engine of growth in the Asia-Pacific region, the world's most dynamic economic zone. The relatively low level of China's indigenous technology and its insatiable demand for investment imply a huge and growing market for capital goods that few trading nations can afford to ignore.

And the rapid growth of China's foreign trade is unlikely to threaten the overall balance of the global trading system. Since the demand for domestic investment regularly exceeds China's supply of savings, the deficit is regularly made up through imports. Consequently, China's wider participation in the global trading system is likely in general to have a larger trade-creating than trade-diverting effect on others.

Moreover, since China mostly imports high technology and heavy industrial goods and exports light manufactured goods, its entry into the world market is likely to improve the terms of trade of developed countries such as the United States. Hence, America shares an interest in seeing Beijing take its place within the multilateral trading rules.

Accession to GATT offers China major potential economic benefits, thanks to the results of the Uruguay Round of global trade negotiations that are now in the final stages of ratification. A main benefit will be abolition of the Multi-Fiber Agreement, which limited Chinese textile exports.

However, GATT membership may also cause some ambivalence within China. The country's political leadership is determined to join, and the sooner the better. Its objective is to lock China into market-oriented reforms and an open door policy. According to GATT represents a Chinese commitment to progressively open its economy — a commitment which is likely to become less and less reversible with the passage of time.

Thus, early admission would be a victory for those in China who are struggling against the vested interests seeking to delay or reverse the reform policy.

And resistance there surely is. State enterprises in particular doubt their ability to withstand competition from imports. They,

along with some elements in the bureaucracy, might prefer to defer China's admission until they have perfected their "defense" against foreign competition in the form of standards, health and safety certifications, controls on the domestic distribution system, and other nontariff barriers.

In short, it would be a serious mistake to assume that Beijing's commitment to join GATT is universally supported, or that the Chinese government is prepared to accept admission at any price.

A rejection or prolonged delay of China's application would weaken the hands of those advocating a more open economy. Meanwhile, Deng Xiaoping, the strongest advocate of such openness, may pass from the scene.

America stands to benefit from China's admission. U.S. companies operate best in open, nondiscriminatory trade, which can be most readily assured if China participates in GATT. China has become one of the most rapidly growing markets for U.S. exports. Scores of U.S. multinationals are falling in line to compete for the huge infrastructure projects in energy, transport and telecommunications that Beijing will pass out in coming years.

Aside from hastening China's development and its consequent ability to import more goods from trading partners, GATT membership will ensure that Beijing remains committed to implement the trade liberalization measures of the Uruguay Round.

The United States stands to gain as China increases its imports of food and agricultural commodities. America, as a major exporter of high-technology products, needs the additional intellectual property protection that Beijing would be obliged to give as a GATT member and Uruguay Round signatory.

If China is not admitted to GATT promptly, the opportunity and political costs could be substantial. There will be a loss in trade and other areas for nearly every country. U.S. political relations with Beijing would suffer, as America would be seen as the party principally responsible for China's exclusion.

If China stays outside GATT and the new World Trade Organization, it will have stronger incentives to resort to bilateral action on trade and other economic issues. It is doubtful that this would

serve American interests, since other developed countries can supply most of the products that the United States exports to China, and Beijing will be eager to underscore the consequences of Washington's obstruction.

Denying China GATT membership could also have a negative effect on the future of APEC, the Asia-Pacific Economic Cooperation forum which is committed to achieve free trade and investment in the region by 2020. Would a China excluded from GATT extend meaningful support to trade liberalization and trade facilitation within APEC?

The nub of the dispute between Washington and Beijing is over whether China should be considered a developing country for GATT purposes. This is not a small issue. By any measure of real GDP per capita, China is a developing country and will remain one for at least several decades.

It is not surprising that Beijing insists on the same treatment in GATT as other developing countries, such as India.

At the same time, the size of China's population, the dazzling speed of its economic growth and its prowess in international trade make developed nations understandably nervous about the long periods of transition allowed to developing countries by GATT before they are required to extend full reciprocity and national treatment to their trading partners.

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At the same time, the size of China's population, the dazzling speed of its economic growth and its prowess in international trade make developed nations understandably nervous about the long periods of transition allowed to developing countries by GATT before they are required to extend full reciprocity and national treatment to their trading partners.

That even the most eccentric of Parisian males will yield to the temptation to attract attention. About the limit of change in men's fashions in the French capital, a Herald correspondent was informed by a prominent tailor, that will be the gradual acceptance of brighter colored suitings.

Mr. Armacost, a former U.S. ambassador to Japan, is the Walter H. Shorenstein distinguished senior fellow and visiting professor at Stanford University's Asia/Pacific Research Center. Mr. Lau is Kwok-Ting Li professor of economic development and co-director of the center.

They contributed this comment to the Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Dreyfus on Trial

PARIS — The trial of Captain Dreyfus for treason commenced yesterday [Dec. 19]. The charge against him, it will be remembered, is of having sold secret documents from the War Office to the Military Attaché of one of the German Embassies. A storm of polemics has during the development of the case been raging because the captain is of Jewish nationality, a fact which has been taken advantage of by a certain portion of the Paris press to start an anti-Semitic agitation.

If China stays outside GATT and the new World Trade Organization, it will have stronger incentives to resort to bilateral action on trade and other economic issues. It is doubtful that this would

### 1944: Belgians Stunned

LONDON — [From our New York edition:] With the German Army driving back into Belgium, Belgian civilians are hurried

## OPINION

## All His Upstream Swimming Has Toughened Christopher

By Jim Hoagland

**WASHINGTON** — After two years of swimming upstream in the unbarted waters of the post-Cold War era and occasionally floundering, Warren Christopher suddenly acts like a man with the current at his back. Adversity gets him going.

Bill Clinton's secretary of state is a specialist in damage control, not in innovative policy-making. The free-form opportunities that followed the Soviet collapse were alien to his temperament. Problem solving is familiar territory.

A cynic might argue that damage control is a supply-side operation for the Clinton administration. If the problems that the Republican victory in Congress and the new isolationism of Boris Yeltsin create are not enough to give Mr. Christopher a chance to shine, his aides and rivals in the administration will do more.

That is the case with the administration's lunge forward on NATO expansion, which is now being rolled back after having upset Mr. Yeltsin for no tangible U.S. gain.

Bosnia's crisis is now so bleak that holding the line, wherever the line happens to be, is a major accomplishment. Ditto for Mr. Christopher's unrelenting efforts to get the Israelis and Palestinians to stick to their autonomy deal and to keep the Israelites and Syrians talking.

This self-effacing Los Angeles lawyer would never see things that way. But in a reflective conversation, Mr. Christopher spoke with uncharacteristic relish about looming policy battles with the Republicans and about carrying out his "major responsibility for keeping America's big power relationships good."

The most immediate battle is over Bosnia, where Senator Bob Dole and other Republicans demand a lifting of the United Nations arms embargo against the Muslim government and air strikes against the Serbs. Mr. Clinton and Mr. Christopher (who initially advocated and then abandoned a lift-and-strike plan for Bosnia) suggest that their Republican critics risk plunging American troops into war in the Balkans.

Lifting the embargo would trigger a withdrawal of the NATO peacekeeping troops now in Bosnia and spark all-out war. That, Mr. Clinton said recently, could force the deployment of up to 20,000 U.S. soldiers to cover the withdrawal. Was the president's unexpected statement a warning to the Republicans as much as it was a reassurance to the allies?

"The president's statement," he

replied in lawler fashion, "has been one of a series of things that I hope have brought home to people on Capitol Hill the reality that a unilateral lifting of the embargo has far-reaching consequences."

"I detect a more sober attitude on Capitol Hill," added Mr. Christopher, who recently labeled Mr. Dole's stand the "war" option.

Would he urge a Clinton veto of Dole legislation to lift the embargo? Won't say, was Mr. Christopher's predictable response, followed by: "But we ought to strongly oppose a unilateral lifting of the embargo." In Christopher-speak, that's as close to "yes" as you get.

What about Mr. Yeltsin's unexpected Dec. 6 blast in Budapest at the administration's recent effort to show leadership to NATO by giving up talk of expanding the alliance into Central Europe?

Mr. Christopher would out-coode that Washington misread Moscow and pushed too hard too fast, as others claim. But he did acknowledge that "something happened to make them think that we were going too rapidly" when viewed from Moscow. He will meet with the Russian foreign minister, Andrei Kozyrev, for several days in January, probably in Geneva.

Mr. Christopher's tone was conciliatory, indirectly underscoring reports that the administration is toning down talk of NATO expansion now that the U.S. midterm elections are past. "The terms of NATO membership" will be discussed next year, he said, "not who and when."

He emphasized the administration's Partnership for Peace plan, which is "not just a transmission belt to NATO membership" for former Soviet satellites but an organization with value of its own.

He said he could not comment on Russia's desire for a formal security pact with the United States, an idea which European diplomats say is gaining ground within the alliance.

Biggest disaster avoided in 1994? He smiled uneasily and then referred to Bosnia as "the most serious unresolved matter we have." It would have been "a serious mistake to start a massive bombing campaign" in a situation that would take 200,000 soldiers on the ground to resolve. "I hope that mistake will be avoided in the year to come."

So the Clinton administration's chief diplomat is playing defense against the Republicans and against events. It is not a heroic posture, but it is one that Warren Christopher seems to turn to his advantage.

The Washington Post.

### The Flow of Information

*Regarding "To Combat Hate Broadcasts, Let's Try Propaganda for Peace" (Opinion, Dec. 13), by Keith Spicer:*

The suggestion that organizations such as Article 19, the International Center Against Censorship, might be enlisted to advise the UN of hate campaigns that preach violence and to participate in broadcasts that "fight back with facts and balanced comment" is ingenious, but fraught with political pitfalls.

Governmental fear of the "invasion of sovereign airwaves" is only one difficulty standing in the way of establishing a UN broadcasting service that would hope to provide universally accepted "balanced comment." When sensitive conflicts involve vital interests, even democratic governments will not bow to anyone else's interpretation of what constitutes balanced reporting. Consider the notorious censorship by the British government of BBC reporting on Northern Ireland, even

though the BBC has a remarkable reputation worldwide for accurate and balanced reporting.

In spite of this caveat, we welcome Keith Spicer's constructive contribution to this important debate. We support the careful phrasing of his most contentious suggestion, that the jamming of the transmitters of mass killers could only be justified in the most extreme situations: "the emphasis should always be on freedom: on countering evil voices, not silencing them."

There is one method of countering evil voices, simple and inexpensive, which Mr. Spicer surprisingly neglects. The present UN sanctions in Serbia and Montenegro (the Federal Republic of Yugoslavia) include an embargo on books and journals. The exclusion of these voices from the outside world gives nationalist Serbian propagandists free rein. Intellectual and political debate in Serbia has suffered greatly as a direct result. We suggest that whenever the international community imposes sanctions, a clause should be

included exempting materials necessary for the free flow of information.

FRANCES D'SOUZA,  
Executive Director,  
Article 19, London.

### Rework the Oslo Accord

*Regarding the Washington Post editorial "Caving In to Hamas" (Opinion, Dec. 9):*

The impending collapse of the Oslo accord cannot be attributed solely to Israel and the inaction of the White House. If anything, the agreement has fallen apart as a result of Yasir Arafat's intransigence and dictatorial ways. Statements such as "we must wage a jihad for Jerusalem" and the "intifada continues" hardly reassure the Israeli public.

Mr. Arafat has consistently refused to amend the charter of the Palestine Liberation Organization, which still calls for the destruction of Israel, a direct violation of the declaration of principles. With the increase in terrorist activity and Mr. Arafat's refusal to contain it, more rational

people worldwide now realize that the accord was made in error and needs to be reworked.

ABRAHAM HUSARSKY,  
Rehovot, Israel.

### Don't Include Greece

*Regarding "Threats to Human Rights in Europe Are Threats to Security as Well" (Opinion, Dec. 15):*

Surprisingly, Aaron Rhodes includes Greece among those European countries where he sees threats to human rights. It is dangerous for freedom and democracy in Europe to present a state of law like Greece in such a light; it is after all, the only one of its kind in the region.

Concerning the case Mr. Rhodes cites, that of Nikodimous Tsakiris, it is for purely ecclesiastical reasons that he was dismissed from his religious functions. He continued to present himself as a representative of the Greek Orthodox Church, though he had no right to do so.

DIMITRIS MACRIS,  
Ambassador of Greece, Paris.

*The New York Times.*



## LETTERS TO THE EDITOR

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**ERICSSON**

## Sales in mobile telephony up 72%

Continued heavy investments in technology

In the third quarter of 1994, Ericsson's order bookings rose again. This twelfth successive rise has further contributed to a 22% increase in order bookings over the first nine months of 1994, compared to the corresponding period of last year.

In the same period, net sales rose by 29%, and pre-tax income soared 88% to SEK 3,492 m. After all deductions, income per share was SEK 10.38.

Though every Ericsson business unit showed an increase in net sales, the Radio Communications Business Area posted the strongest growth, and accounted for more than half of net sales.

For mobile telephony, sales increased by 72%.

Commenting on a very favourable year, Ericsson CEO Lars Ramqvist explained the policy of heavy investment that continues to ensure prosperity ...

"A substantial portion of our investment in technology is for the further development of the AXE system and of mobile telephony. As a result of success and profitability in these areas, we can also simultaneously invest heavily in such other areas as broadband, transport and access networks, and systems for operation and maintenance."

The networks, which use Ericsson products, are installed or under construction in 32 cities and three major European financial centres. MFS has plans to expand its services to 75 cities, including 10 international financial centres.

## Global purchasing agreement to cover 75 cities

Ericsson has signed a USD 300 m global purchasing agreement with one of the leading US communications services providers, MFS Communications Company Inc.

Under the agreement, Ericsson will supply a full range of AXE digital switching equipment and associated systems for expanding the MFS United States and international networks.

The networks, which use Ericsson products, are installed or under construction in 32 cities and three major European financial centres. MFS has plans to expand its services to 75 cities, including 10 international financial centres.

## China becomes fifth largest Ericsson market

The People's Republic of China is now a major market for Ericsson - during this year it grew to become the company's fifth largest.

Ericsson has already installed 3 million AXE digital telecommunications lines, and provided a mobile telephone capacity for 1.5 million subscribers in China.

Recent new agreements, worth nearly USD 375 m, include the supply of AXE digital switches, Intelligent Networks,

mobile communications, SDH (Synchronous Digital Hierarchy) transport systems, ATM (Asynchronous Transfer Mode) equipment and a wide area paging system.

The AXE equipment forms part of two significant contracts: one to extend the telecommunications network in the Liaoning Province; the other for use in the Sichuan Province - the largest in China, with 111 million inhabitants.

A wide-area paging network is being provided as a turnkey project covering four regions within the Guangdong Province. It will eventually be expanded to cater for more than a million subscribers.

## Mobile data continues to grow

Two major contracts for Mobitex mobile data networks from Ericsson underscore the worldwide success this advanced technology is achieving.

In Germany, in a contract valued at SEK 500 m, Gesellschaft für Datafunk chose Mobitex for its new nationwide public mobile data network. In Belgium, RAM Mobile Data is installing a Mobitex network valued at SEK 60 m, which will be the country's first national and privately owned mobile data network.

Mobitex data is one of the tastest growing segments in mobile communications. Network access and other end-user products based on Mobitex technology are now available from a variety of hardware suppliers. Major software vendors include Mobitex support in their products, and the large number of Mobitex applications continues to grow.

Ericsson's latest Mobitex products are the BRUS base radio unit and the M210 wireless modem. The BRUS is an extremely compact 18 kg base station suitable for outdoor mounting. It enables operators to provide rapid and inexpensive coverage. The Modem M210 wireless modem, which is packaged as a PCMCIA type III card, is the world's smallest radio modem.

Mobitex networks are in operation in 13 countries on four continents. They already provide coverage for nearly all of North America.

## Quality rewarded

The Ericsson worldwide commitment to Total Quality Management has been rewarded in Spain, Denmark, and the Netherlands.

In all three countries, Ericsson companies have won prestige quality awards. Ericsson SA de Spain won the European Quality Prize sponsored by the

European Commission; L.M. Ericsson AS of Denmark won the Danish Quality Award; and in the Netherlands, Ericsson Telecommunications BV received the Dutch Quality Improvement Prize.

The award schemes operate on similar principles, recognizing that international competition can only be withstood if an organization implements continuous quality improvements.

United Kingdom: The UK subsidiary of the Australian telecommunications operator, Telstra, has signed an agreement with Ericsson for the provision of a new telecommunications infrastructure. The system is designed to boost Telstra's international services.

Ericsson will also supply an infrastructure

## World round-up

**Australia:** A new electronic messaging system using an Ericsson MXE platform is giving Vodafone Pty a strong competitive edge in Australia's intensely competitive digital cellular telephone market. MXE stores, newsletters and forwards all types of messages - voice, fax, data and text.

**Japan:** Ericsson is to supply a Personal Digital Cellular (PDC) network to Digital Tu-Ka Kyushu for a new mobile telephone service. The order, worth SEK 630 m, will mean that four Japanese mobile telephone operators now use the Ericsson PDC system.

Ericsson will also provide equipment to extend the Kansai Digital Phone cellular network, which signed up 50,000 subscribers in its first six months. This order is worth SEK 500 m.

**France:** Ericsson is to upgrade one of the French Telecom nationwide paging networks with a new ERIMES-based system. It will provide a high-speed service with virtually unlimited capacity, and enable international roaming, savings on battery power and unmatched performance.

**Lithuania:** A SEK 22 m order from Telekom, the Lithuanian PTT, will bring the number of countries using AXE to 11.

The order also includes Ericsson SDH transport network equipment and optical fibre cables.

**Malaysia:** Syarikat Telefon Wireless has chosen Ericsson cellular radio technology for a new network in Malaysia. It's expected that Ericsson equipment worth about USD 496 m will be installed over the next five years.

**Korea:** The Korea Electric Power Company has ordered an Ericsson EDACS land mobile radio system to improve services to its network in Seoul. The four-site system is the first stage in upgrading its countywide communications system.

**United Kingdom:** The UK subsidiary of the Australian telecommunications operator, Telstra, has signed an agreement with Ericsson for the provision of a new telecommunications infrastructure. The system is designed to boost Telstra's international services.

Ericsson will also supply an infrastructure

Europe: First wafers from Ericsson's new semi-conductor facility yield good chips

training for the operator's sales team.

By involving itself with the actual implementation and use of its products and services, Ericsson gains valuable feedback for product improvement, and is better able to tailor its offerings for future customers.

In a similar drive to speed product development, create new market opportunities and use capital investment more effectively, Ericsson is continuing its policy of building partnerships with other world-class telecommunications manufacturers.

extend Ericsson's self-sourcing in advanced micro electronics.

The plant will be used as a rapid prototyping facility for new products, and to manufacture new ASICs, or application-specific integrated circuits, in small volumes - allowing the components of Ericsson telecommunications products to be more highly tailored to market demands.

It will also lead to reduced product development times, making Ericsson more responsive to its customers.

One month ahead of schedule, and only nine months after construction work started, Ericsson's new USD 100 m semiconductor manufacturing plant produced its first silicon wafers.

The new wafer fabrication facility, or fab, produces state-of-the-art 16 Mbit technology components where the smallest dimensions are 0.5 micron. Each chip manufactured contains more than three million transistors.

Located at Kista in Sweden's silicon valley, the advanced facility will help

cordless telephone, and BusinessPhone, a popular business telephone exchange.

Built to the DECT (Digital European Cordless Telecommunication) standard, the cordless system is ideal for defence applications. It uses very low power transmissions, making it difficult to detect, and is fast to deploy. It features encryption to further protect it from eavesdroppers.

Telefonaktiebolaget LM Ericsson, S-126 25, Stockholm, Sweden.

Ericsson's 75,000 employees are active in more than 100 countries. Their combined experience in switching, radio and networking makes Ericsson a world leader in telecommunications.

# Old Attitudes and Structures Impede Russia's Long-Haul Road to Reform



A Russian dragging his belongings along a Moscow street. A quarter of the population lives at or below subsistence levels.

By Fred Hiatt  
*Washington Post Service*

MOSCOW — During one of Moscow's recent gasoline shortages, as motorists idled in hours-long lines, a city official attacked private gas stations for raising prices too high.

"Of course, there are free prices," the official said, meaning unregulated prices. "But they still have to be agreed upon."

Both the comment and the situation — a gas shortage in a nation swimming in oil — pointed to the uneven nature of Russia's economic reform three years after the Soviet Union's collapse. Despite seismic changes and convincing rhetoric, much remains unchanged. And the persistence of old attitudes and structures is blocking further progress in myriad ways...

These unreconstructed sectors — from agriculture to social welfare to real estate — work together to block creation of new businesses, impoverish the state, keep workers from moving to new jobs, foster corruption and in general prevent the recovery that President Boris N. Yeltsin needs to vindicate the very idea of reform.

"In practically all areas, reform is only at the initial stage, or there's nothing going on at all," said Boris G. Fyodorov, a reformer who resigned in frustration last January from the post of finance minister. "The president hasn't decided what kind of society he wants."

Some observers might consider Mr. Fyodorov's comment exaggerated, but they would agree that Mr. Yeltsin's early policy of promoting reform has given way to a caretaker approach in which stability often seems the only goal.

"Change is occurring in Russia, and it's basically in the right direction," said Charles Blitzer, chief economist here for the World Bank. "It's frustratingly slow at times and frustratingly inconsistent."

The risk, Mr. Blitzer said, is that Russia will revert to the failed command economy of Soviet days, but that the transition to a more prosperous market economy will take too long.

In some areas, the lack of change reflects consistent ideology. Inefficient and often impoverished collective farms — now renamed "joint stock companies" — endure, in part because many Russians believe

the buying, selling and renting of farmland is simply wrong. Parliament does not enact laws or mortgages because many lawmakers remain deeply suspicious of private wealth.

But as in many countries, change often is stymied because it costs more in the short term than lumbering on the old way.

A further disincentive comes in the profits that Russia's elites reap from the inefficiencies. In an underdeveloped democracy with infant political parties and a government unresponsive to citizens, such elites — bureaucrats who give out licenses, monopolists who control the grain trade — are especially powerful. The gasoline lines in Moscow and other cities provide a clear example of just how unrenovated Russia's economy remains.

Regular gas in Moscow sells, by mayoral decree, for about 60 cents per gallon. This is much closer to world prices than two years ago, but still well below what Russia's oil could fetch on an open market.

As a result, sales have to be limited by a system of coupons, obtainable with bribes or through official connections. Outside Moscow's Ring Road, where the decree no longer applies, tank trucks set up shop in random locations, charging twice as much for unregulated, and often watered-down, gasoline.

The transformation is most obviously slow in farming. With a burst of enthusiasm for private enterprise, enough city dwellers and former collective farmers peeled away from their old lives to form 183,000 private farms by the end of the new Russia's first year. By the summer of 1993, the number had grown to 258,000.

But many private farmers discovered that Russia was not ready for their hard work. Regional or federal monopolies still set prices. Racketeers blocked access to markets. By

this summer, the number of private farms had barely risen, to 277,000, and they farmed only 5 percent of Russia's agricultural land.

Russia's social welfare system remains, for the most part, unreformed as well. While one-quarter of the population lives at or below subsistence levels, the government pays child allowances to all families, regardless of income.

In many cases, the government still relies on big factories to maintain hospitals and housing for workers. That saps funds that factories could use to modernize production lines and it ties workers to dying factory towns where their labor cannot be used profitably.

Behind many of these barriers sits the vast bureaucracy that controlled all aspects of economic life in Soviet days.

Today, the apparatchiks cannot block grass-roots economic activity, but they can interfere mightily while soaking up a large chunk of the nation's resources.

## Demons of Insecurity Haunt a Nation Longing to Be 'Civilized'

By Steven Erlanger  
*New York Times Service*

MOSCOW — Once again, in Chechnya, Russia finds itself in conflict with its own demons — the embodiment of particular national fears and anxieties in what remains a multiethnic empire.

Nationality not only is a category in the Soviet passports that Russians still use as a means for racial and ethnic identification, but is a set of assumptions and ambivalent feelings in Russian heads as well.

In confronting the latest Chechen challenge to Russian sovereignty and reopening a Caucasian conflict that has simmered for 150 years, the Russians are also reopening a Pandora's box of feelings about the restive minorities in their midst, from Muslim Tatarstan to Yakutia in Siberia.

To be sure, every imperial nation has its own collection of ethnic and racial generalizations.

But the Russian demonology finds its special nature in Russians' deep insecurity about their place in the world — culturally, religiously, technologically. Are they a European people or some mongrel Asian one? Is theirs a superior culture, destined to rule, or a besieged one destined to flail forever at relentless enemies lurking in from every direction?

More painfully, Russians ask if they are "civilized," the way Westerners are, or primitive and somehow inferior, doomed always to lag behind countries like Germany and the United States.

Those worries are heightened in a period of humiliation and dislocation like the one Russia is going through. Having lost one huge

### NEWS ANALYSIS

empire and set of beliefs, without entirely understanding why, it now fears to lose even the smaller empire, the Russian Federation itself.

So traditional Russian demons — Chechens and Caucasians, Jews and Asians, foreigners generally — evoke special anxieties now. As Russians enjoy a new form of freedom, there is also a new chasm of uncertainty, and they feel beset on all sides by alien influences and cultures.

Even the new and welcome influx of sophisticated consumer goods, many of them Asian and European, has underlined a strong and sharply embarrassing sense of just how bad "our" Russian products were and are.

It is a form of moral confusion that makes it easier to embrace old myths about themselves — the simple, honest, spiritual Slav — and the ethnic stereotypes that bespeak the

insecurities of both past and present, given that so many of the minorities in the Russian ambit were once conquerors, like the Tatars, or formidable military adversaries, like the Chechens.

So the Chinese and Central Asians are the barbaric, faceless, yellow horde that may once again drown the noble Slavs; Estonians are the cold, icy blondes who should choke on their own contempt; Azerbaijanis, cousins of the Turks, are criminal and cheat us at the market, and the Jews are greedy, calculating and so devious that they ruined us by making the Bolshevik Revolution.

Similarly, the predominance of Muslim Chechens in the criminal gangs that bedevil Russia — and the general predominance of Caucasians and Jews in the wild new world of semicapitalist business — have only added to the deep conviction among Russians that they are somehow congenitally unsuited to the modern world.

While Russians may have higher, more spiritual values than other peoples, they feel, they are uniquely prey to the more wily dark-skinned people of the south. And even their spiritual values are threatened, as their children turn from intellectual pursuits to make deals or forsake Russian Orthodoxy for Western evangelists.

This sense of difference is deeply ingrained. The ethnic label "Slav" itself is believed to

have come from "slovo," or word, to signify people with the gift of speech. The label "Nemitsi," meaning "those who are dumb," was given to all other Occidentals, and later, specifically, to the Germans.

Under the czars, and especially under the Soviet Union, the Russians wore their ruling positions arrogantly. They were patronizing to other nationalities, who mostly paid lip service to their overlords. Russians understood, in their hearts, that they were hated by many of those who kowtowed.

Just as Gogol and others lavished contempt on the Jews, the Chechens and Russia's long war to suppress them stirred some of the country's greatest writers.

Tolstoy's marvelous story about a Chechen leader, Hadji Murat, who defects to the Russians and is betrayed by them, offers an acute portrait of the wary relationship, even as the Chechens were losing the war for independence that ended in 1864.

From the Russian side, there is admiration for Chechen bravery, intelligence and love for freedom, coupled with the fear of the mad, swarthy fighter, lurking just outside the firelight, sharpening his sword, preparing to cut Russian throats.

As for the Chechens, there is no trust in the honor of Russian intentions, just loathing for the power that ruins their lives.

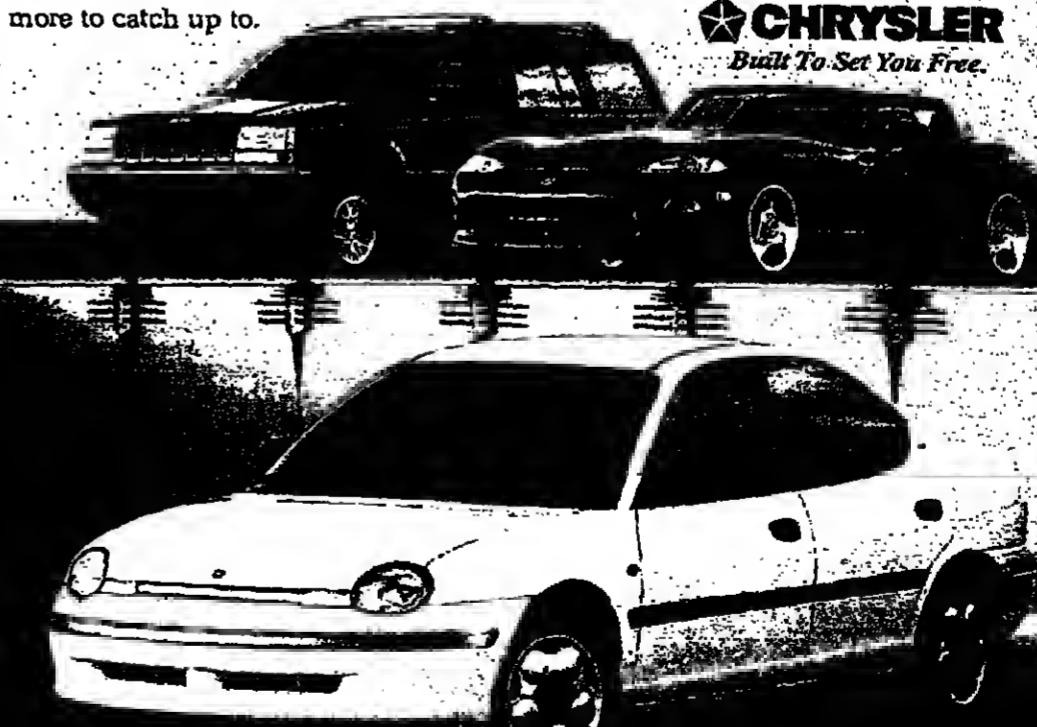
## Our Newest Chrysler Has A Lot To Live Up To.

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use of it, much like our Voyager. The quickness

of its 16-valve, 132 horsepower (98 kW) engine can't help but remind you of Viper's love of the open road. And there's a spirit of adventure that undoubtedly comes from Jeep Grand Cherokee. But as much as Chrysler's Neon borrows from its relatives, its personality is all its own — that of a good friend and a great car. Neon may have a lot to live up to, but the competition has even more to catch up to.

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This may be stating the obvious, but sometimes, it's worth stating the obvious. We've observed that the most successful companies out there—companies like Ford, AT&T, General Electric—have one thing in common.

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And on that same top 10 list, in the number 7 position, you'll find Digital.

Our long-standing commitment to R&D (we spend more than Apple, Compaq and Sun combined) has led to the development of one breakthrough after another.

From the world's first 64-bit chip, Alpha, and the industry's fastest workstations and servers, to leading-edge software products such as LinkWorks™, our award-winning groupware application.

From the highest-quality, most standards-compliant version of the UNIX® operating system, DEC OSF/1®, to OpenVMS™, which meets the key standard of openness from X/Open™, the nonprofit open standards consortium, not to mention groundbreaking work on video servers and other

video and interactive information technologies.

These technologies, as a matter of fact, are leading the way for everything from video-on-demand and home shopping to interactive education.

Our commitment to R&D remains unchanged at Digital. What has changed is our way of going about it.

It used to be that the hardest part of R&D here wasn't coming up with the ideas. It was pushing them through the system. So, we've changed the system.

From one of Byzantine complexity, to one of resolute clarity. What exists today at Digital is a system where the scientific and pragmatic go hand in hand.

A system in which ideas are born and nurtured not just to promote innovation for innovation's sake, but rather, to help customers in real, meaningful ways.

What it all comes down to is this.

Digital was, is and will continue to be one of the biggest proponents of research and development in the country.

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# U.K.-Sinn Fein Talks to Go On

## But Discovery of Ulster Bomb Rattles Politicians

By William E. Schmidt  
New York Times Service

LONDON — British officials and representatives of Sinn Fein, the political wing of the Irish Republican Army, agreed Monday that peace talks on the future of Northern Ireland would not be sidetracked by the discovery Sunday of a powerful Semtex bomb in a town near the Irish border.

British Army bomb experts defused the explosive, the largest such bomb planted in the province in several months, but its discovery has badly rattled political leaders anxious to hold together Northern Ireland's shaky, nearly four-month-long cease-fire.

The Irish Republican Army adamantly denied any responsibility for the bomb. Rival Irish nationalist and Unionist politicians were quick to blame extremists on the opposite side for planting the explosive, which was discovered outside a furniture store in the border town of Enniskillen.

No group took responsibility for the bomb. It was defused after the police received an anonymous telephone tip.

The discovery came on the eve of a second round of talks in Belfast between the British government and officials of Sinn Fein.

Among other things, the talks were to focus on British demands that the IRA disarm and surrender its huge stocks of weaponry, including large quantities of Semtex, before being able to join

wider political talks on the future of the province.

No specific progress was reported after the meeting on Monday afternoon, but the two sides said they would meet again in January.

British officials called the discovery of the bomb "a most serious incident," but said they did not regard the incident as changing its working assumption that the IRA remains committed to the cease-fire.

British officials said the bomb contained about a kilogram of Semtex and was discovered inside a plastic box along with a half-gallon of gasoline. It was wired to two commercial detonators and electrical batteries. Had it exploded, they said, the bomb would have caused extensive damage.

In Belfast, Protestant politicians said the bomb might have been the work of extremists inside the IRA, who are beyond the control of the Sinn Fein leadership and are determined to wreck the peace process.

Ken Maginnis, a member of the British Parliament and spokesman on security matters for the Ulster Unionist Party, flatly described the bomb as having been manufactured from IRA Semtex and detonators.

But Martin McGuinness, the leader of the Sinn Fein delegation meeting with the British, said he suspected that "dirty tricks" were involved in planting the bomb, suggesting it might have been the work of Protestant provocateurs.

## RUSSIA: War Escalates

Continued from Page 1  
local residents. Although food was readily available at kiosks, it was far too expensive for most people, and there were long lines at nearly every state store that sold bread or sugar.

After spurning Moscow's offer of peace negotiations on Sunday, Mr. Dudayev made no public appearances on Monday, although reporters wanted him to comment on new rumors that Russia was planning to send additional troops to the region. When asked to comment on the nature of the fighting, his foreign minister, Yusuf Shamshidin, said, "There has been too much bombing all night long."

Chechen television, before it was knocked off the air by Russian bombers, broadcast detailed information about the most vulnerable place on the Russians' T-72 tanks and advised residents to attack them in any way possible.

The worst fighting took place in Dolinskoe, 20 kilometers west of Grozny. Russian tanks pelted the village throughout the day with fragmentation bombs. By evening, the Russians appeared on the verge of occupying the village, which would give them unhindered access to the capital.

In Shalaamyrty, 16 kilometers east of the city, Chechen fighters dug deep trenches to ward off expected tank attacks.

Russian soldiers were advancing on those trenches, and machine-gun fire could be heard in the distance. Several dozen of the troops were huddled in front of fires against the bitter cold, and many did not even have gloves to wear.

Besides the security concerns, the biggest problem facing the Japanese is their inability to communicate with refugees, or Zaurians, who speak French.

Officers say only one soldier in the 260-man contingent speaks French, and while many have studied English, few claim to speak or understand it well.

Some of the Japanese, including First Lieutenant Michiaki Okazaki, have tried to learn some Swahili, which is widely understood by Rwandans.

At the Kituku refugee camp, where Japanese are digging drainage ditches, Lieutenant Okazaki carries a list of phrases in Japanese, Swahili and Kinyarwanda, and draws a crowd of screaming children as he practices saying "Good morning" and poses for snapshots with children while shouting "I love Rwanda!" in English.

The Japanese have faced no conflict, although they like other relief workers, say gunfire is heard nightly. "Sometimes near this camp, we hear rifles, even hand grenades," said the press

officer, Major Katsuyuki Kamiguchi.

Colonel Kamimoto, the commander, said security in the camp was one of his biggest worries.

The only Japanese casualties in the Goma operation have been two journalists, whose chartered plane crashed.

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H. Mata/Agence France-Presse

A woman buying bread in Grozny on Monday as Russian forces stepped up their assault on the Chechen capital.

## GOMA: Japanese Troops Import Serenity to Camps

Continued from Page 1  
volcanologists have installed five monitoring stations around nearby volcanoes.

"Our mission is to conduct this operation securely," said Colonel Mitsuohiko Kamimoto, the Japanese commander here. "If our operation succeeds, Japan will conduct more humanitarian operations."

The Japanese Self-Defense Force sees itself as particularly well suited for this type of humanitarian mission, since in Japan the soldiers are routinely called upon to assist after natural disasters like earthquakes and volcanic eruptions.

The mission was made possible after the UN High Commissioner for Refugees, Sadako Ogata, made an impassioned appeal during a one-week vacation in her native Japan that Tokyo assist in the Rwandan crisis not simply with money but also with manpower.

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## International Herald Tribune

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- 19 Autonoma University de Guadalajara
- 20 Century University
- 21 Chadwick University
- 22 La Salle University
- 23 Lesley College
- 24 Hofstra University
- 25 New York University
- 26 St Mary's College
- 27 Ross University

### Spain

4 University of Chicago

Tick box

### Switzerland

5 Center for Management

Tick box

### U.S.A.

6 Wharton Executive Education

Tick box

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France  
7 American University of Paris  
8 CEFAM  
9 Georgia Tech Lorraine  
10 Sorbonne

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- 29 APRE
- 30 College Cevenol International
- 31 Ecole Active Bilingue
- 32 Eurecole
- 33 International School of Monaco
- 34 Lycee Canadien en France
- 35 Lycee International de Paris
- 36 The Bilingual Montessori School

### Italy

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13 John Cabot University

Tick box

### Switzerland

14 Schiller American College

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16 American College in London  
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Tick box

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- 24 Hofstra University
- 25 New York University
- 26 St Mary's College
- 27 Ross University

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28 Salzburg Int'l Preparatory School

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- 30 College Cevenol International
- 31 Ecole Active Bilingue
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- 33 International School of Monaco
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Job Title: \_\_\_\_\_

## HUNT: U.K. Police Go After Animal Rights Protesters

## URANIUM: Material Is Seized

Continued from Page 1

4,000 protesters, trying to disrupt about 50 of Britain's 340 hunting expeditions each week. Some of the better known hunts have hired security men who patrol in Land Rovers to keep the saboteurs away. Although fox hunting, traceable to the 1600s, is sometimes called the English national sport and serves as a social magnet for the horse set, it is not wildly popular among everyday people.

Fox hunting is still the preserve of the aristocracy. The hunt saboteurs seem mostly to come from the other side of the social divide.

Prince Charles infuriated animal rights groups by taking his two sons, Prince William, 12, and Prince Harry, 10, fox hunting in October. He said he wanted his children to learn about "the thrill of the hunt."

He relies on speed and stealth. "We just stick as close as we can to the hounds," he said. "And at the key moment, when

they're on to the fox, we try to take control. It's all done by imitating the huntsman's call."

An hour later, the group tracked down the hunt. A fox, allegedly, was hiding somewhere in a thickly wooded dell. The hounds were running helter-skelter, the hunters were positioned on all sides, and the saboteurs poured over a fence to the rescue.

They set off a chorus of high-pitched two-note bleats — the equivalent of "come here" in houndspeak. Sure enough, a handful of the hounds abandoned the chase and came bounding over. They looked confused and soon ran back. The hunters looked down their noses, as if at vermin.

By the day's end, Vine and Craven did not catch a fox. But that seemed to have more to do with the fox's ability to lie low than with the saboteurs' success at confusing the hounds.

Continued from Page 1

of weapons-grade material here. "It would appear from the initial analysis done by the Czechs that it is indeed top-of-the-line quality," said a spokesman for the energy agency in Vienna, David Kyd. "That is reason on our part for concern simply because it would indicate that there is a source available for such material."

But, he added: "To make a warhead you need 25 kilograms, so this amount, although seemingly significant, is well below what you would need for weapons purposes."

Urani pellets, as well as very small quantities of plutonium, have come on to the black market in the past year, but "this is unusual in terms of its composition and the size of the consignment," Mr. Kyd said.

## Style



From left, Nina Ricci's floral-stripe stockings with taffeta dress; legwear from Valentino, Gianni Versace, Christian Lacroix and Donna Karan.

## Some Christmas Stocking Stuffers: Legs

International Herald Tribune

**P**ARIS—This is a bumper year for Christmas stockings—not the kind that Santa fills with toys, but the sheer glamour of lacy hosiery.

The ubiquitous little black dress is no longer complete without equally well-dressed limbs. Spiderwebs of intricate decoration or a simple stripe running down the side enlivens party hose for the end-of-year festivities.

Stretch fabrics that gleam and shimmer, fancy lace, a scattering of flowers or even fantasy patterns, from skulls to teddy bears, make legs a focus of attention.

Society has come a long way since the Victorian era, when a glimpse of stocking was something shocking. But now that short skirts have become absolutely acceptable in the Western world, there is something seductive and audacious about decorating the revealed legs.

"It is a way of dressing up short dresses," says Christian Lacroix, one of the first designers to fancy up the legs with a tracery of lace.

"As soon as I see a blank surface, I have to decorate it," he claims. "But the reference was to the 19th century, when stockings were erotic."

Lacroix's lacy fantasies have includ-

ed the patterned effect of Victorian soubrette's stockings on panty hose, as well as the delicate designs you might expect to find on the finest lingerie.

Valentino, too, has taken inspiration from the boudoir for the flowery lace hose that he showed coquette-style with feather-trimmed ankle boots. Valentino also made sturdier patterned hose to blend in with daytime looks—

SUZY MENKES

but still with feminine floral patterns rather than the plain opaque finish that is more familiar.

Gianni Versace took a shine to legs—as well as clothes. His silvered stockings gave an eerie phosphorescent glow to legs that matched the spirit of his cyberspace collection. Shiny vinyl, lacquered silk and metal mesh dresses were finished off with shimmering hose and shoes.

From Versace came another of the legwear trends: hold-up hose. The over-the-knee stockings (call them super-high socks) have a disconcertingly Lolita look to them—especially when shown on the runway with baby-doll dresses and Mary Jane shoes. But this unlikely style has been taken up on the streets or in clubs. For daytime, in thick knit, the hold-up stockings are just a variation on the leg warmers

worn in dance exercise class. At night, they give the look of stockings (without the garter belt). The flash of flesh at the thigh is something new for the panty-hose generation.

The undisputed queen of legwear is New York's Donna Karan. She is the designer who made the working woman's wardrobe work—by creating the right foundations. She made a smooth connection between underwear and outerwear with the mat-black hose and bodysuit that she pioneered in the 1980s. It created a new attitude to career clothing, for with those undergarments as the backdrop, a wrap skirt and jacket could be juggled along with other easy pieces.

For her fall DKNY sportswear line, Karan showed hold-up hose—but in imaginative ways, including as a stretch-stockings boot, so that shoe and hose were all in one. (At Chanel, Karl Lagerfeld had created a similar effect by making an over-the-knee tweed boot—just as he had created the "skin dress" as a new generation of bodywear in his KL collection.)

Now Karan is moving on. Having broken the smooth line from torso through the feet with the hold-up stockings, she started experimenting with the bared leg. For her fall collection, she promoted nude hose—last in

fashion when suburban housewives wore tan stockings.

"I feel like I gave my leg a face-lift," she said, to explain the effect of an ultra-sheer Lyra that gave the desired dolly effect in a modern way. This new development means the microfine 3-D Lyra with stretch in every stitch, rather than alternate stitches, giving greater dynamism.

High technology is the key to making the current legwear look new—rather than something that belongs in the can-can era of the Moulin Rouge or on the stage at the new revue at the Paris Lido. Du Pont's Lyra revolutionized expectations of comfort and performance—but as with the rest of fashion, women now seem to be yearning for something feminine and frivolic, as well as practical...

**T**HE choice available at specialty counters is now overwhelming. So how to choose a Christmas stocking—to go with current fashions or as a gift? For daytime, tartan tights from Ralph Lauren or Calvin Klein's argyle stockings make a cheerful splash of pattern against plain wool skirts—especially if they fall to midcalf or are the so-called "new length," with the hemline on the knee. Such country plaids go naturally with chunky shoes and boots that are now also worn in the city.

Strictly for teenagers and the early 20s (and for those with slim legs), are the white tights, redolent of the swinging 1960s, or the Lolita-style hold-up hose.

For evening, any stylish, sophisticated woman can play with the lace patterns—Lacroix signature hearts-and-crosses designs or Valentino and Versace flowers. On the same principle as plain hose with plain clothes, the fancy tights look good with wispy lace lingerie-inspired dresses.

Although designer hose come at high prices, similar effects can be found at mainstream stores, where styles range from bold arabesques of decoration down to a mere shadow-play of pattern or faint stripes.

Decorative hose come as socks, as well as stockings, and even for women who find the idea of the decorated leg too fanciful, a flash of lace at the cuff of black pants can be effective. In fact fashion seems to have come full circle in the course of the century. Skirted skirts started to rise in the flapper era, when hose have revealed (almost) everything. But now that the raised hemline barely raises an eyebrow, covering up can seem much more seductive.

One hundred years after showing the ankle seemed the height of excitement in the Naughty '90s, a brief flash of lace beneath tuxedo pants is the modern woman's way to refresh a jaded palette.

## BOOKS

## BEYOND THE PROMISED LAND:

Jews and Arabs on the Hard Road to a New Israel  
By Glenn Frankel. 416 pages.  
\$24. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

**B**Y the main title of his book, "Beyond the Promised Land," Glenn Frankel means that in the last seven years, Israel has undergone a deep change, from a small, collectivist, mobilized garrison state under siege to a more open, pluralistic, bourgeois and democratic society.

In other words, Israel has been forced by events to go beyond "the old Zionist state" perceived as a utopian ideal to a new post-Zionist Israel" that is part of the real world.

This break is a result, he argues, of several other momentous changes: the rise of new political forces in Israel; the fall of the Soviet Union and the arrival of nearly half a million Jewish immigrants; the death of socialism and the birth of a market economy; the defeat of Iraq in the Gulf War and the ascendancy of the United States, and perhaps most significant, alterations in the Arab world, beginning with the Palestinian uprising known as the *intifada*, which literally means "shaking off" in Arabic.

This eruption Frankel, a re-

## WHAT THEY'RE READING

• Adrian Henri, Liverpool poet and painter, is reading "Selected Poems" by Carol Ann Duffy.

"I think she's the best young poet writing in Britain today. There's the added bonus of some new poems written from the point of view of the wives of famous men—from Mrs. Midas to Mrs. Darwin," (Roderick Conway Morris, IHT)



porter for The Washington Post who has spent many years in Israel, considers to have been a spontaneous boiling over of rage at Israeli oppression on the West Bank and in Gaza. Yet paradoxically, he says, the intifada empowered the Palestinians to set forth on the path that eventually led to the handshake

on the White House lawn in September 1993 between Prime Minister Yitzhak Rabin of Israel and the leader of the Palestine Liberation Organization, Yasser Arafat.

As one Palestinian leader told the author: "We'd been fighting these people for decades and yet we didn't know

them. We thought we could learn. The intifada made it possible by creating a sense of power inside us, a sense of equality with them. It wasn't master and slave anymore. We could talk."

To illustrate his thesis, Frankel examines these various changes by focusing on some of the people and places he has come to know in Israel over more than two decades.

For instance, his close-ups of Israeli soldiers and Palestinian community leaders powerfully dramatize the impossible dilemma forced on both sides by the intifada, rioting and its brutal repression.

His portraits of disillusioned kibbutzniks and striving huskmen give the reader a sense of how the economy changed as the old dream of a vast cooperative farmland was gradually abandoned.

Most fascinating of all is Frankel's penetrating account

of how and why Prime Minister Yitzhak Shamir and his Likud Party stumbled in its dealings with the Bush administration and thus gave way to Rabin's Labor Party administration, which was slightly more amenable to peace negotiations.

Intelligent too is his interpretation of the complex roles played by the conservative religious parties throughout the turmoil.

Frankel's narrative doesn't exactly lift the reader off the page. He neglects to convey the sense of the physical setting of Israel that, say, Amos Elon does in "Jerusalem" or Saul Bellow does in "To Jerusalem and Back."

His portraits of the principals are more functional than sparkling. You slog through his text picking up facts as he were stones for a new Jerusalem.

The history that Frankel relates is coherent and dramatic. Particularly provocative is his

point that by the time the Israelis and the PLO reached agreement, American Jews had lost touch with what was going on.

Whether or not this is fair, you reach the end of Frankel's narrative as if emerging from a dark tunnel into a landscape that has been radically transformed. As he presents Israeli attitudes, possession of the territories doesn't seem so essential anymore, if only because Iraq's attack with Scud missiles during the Gulf War demonstrated the irrelevance of territory as a buffer zone.

Whether or not peace eventually comes to the Middle East and Frankel's vision of a land beyond the promised land is fulfilled, his book shows why ineluctably the parties had to take the gamble that peace could happen.

Christopher Lehmann-Haupt is on the staff of The New York Times.

## CHESS

By Robert Byrne  
VALERI SALOV beat Anatoli Karpov in Round 9 in the Polugayevsky Tournament.

In the Richter-Rauzer Variation of the Sicilian, characterized by 6 Bg5, the branch with 8...h6 is noted for making it difficult for White to press any initiative: 9 h4 is considered an unsound gambit after 9...Ne4! 10 Qf4 Ng5 11 Nc6 12 Qa4 Qb6 13 f4 Nh7 14 f5 Rb8.

The fearsome-looking 9 Bf4 is restrained by 9...Bd7, a major tactical point being that on 10

Rb8 Black's knight is captured.

After the reduction of material ending in 42 Bb5, Karpov was a pawn down, but the black pawns were split and the white bishop should have been potent in advancing the b2 pawn while it interfered with the progress of the black pawns.

Salov's finish was cut: after 44...h3! 65 Kg3 Rg1 66 Kh2 Rg8 67 Kh1 Nh5!, the threat of 68...Ng3 shattered all resistance. Karpov gave up.

White Bb6, White gets no advantage from 11 Bb6 Bd6 12 Qd6 Qd6 13 Rb6.

A piece of important knowledge for using this defense is that on 14 ed Nd5 b4 Nf4! 16 Rb8 Bb7 17 h4 O-O 18 Qe3 Nd5. Black's rook-plus-hishop and chances for a mating attack compensate for the white queen.

Salov's new move, 14...Rc8!, was logical in aiming immediately for counterplay against the enemy king. After 15 Qg3 d4!, Karpov was persuaded not to go into 16 Qg7!! Rg8 17 Qh6 de 18 Bc3 Nd7 because in the middle game the three pawns he gets for a knight will not be as strong a weapon as the piece.

After 17 f4 Nh5 18 Qe4 Qf6!, Salov would have refuted 19

Position after 64 K2

BALOW/BLACK

1 Bb6 2 Bb7 3 Bb8 4 Bb5 5 Bb6 6 Bb7 7 Bb8 8 Bb5 9 Bb6 10 Bb7 11 Bb8 12 Bb5 13 Bb6 14 Bb7 15 Bb8 16 Bb5 17 Bb6 18 Bb7 19 Bb8 20 Bb5 21 Bb6 22 Bb7 23 Bb8 24 Bb5 25 Bb6 26 Bb7 27 Bb8 28 Bb5 29 Bb6 30 Bb7 31 Bb8 32 Bb5 33 Bb6 34 Bb7 35 Bb8 36 Bb5 37 Bb6 38 Bb7 39 Bb8 40 Bb5 41 Bb6 42 Bb7 43 Bb8 44 Bb5 45 Bb6 46 Bb7 47 Bb8 48 Bb5 49 Bb6 50 Bb7 51 Bb8 52 Bb5 53 Bb6 54 Bb7 55 Bb8 56 Bb5 57 Bb6 58 Bb7 59 Bb8 60 Bb5 61 Bb6 62 Bb7 63 Bb8 64 Bb5 65 Bb6 66 Bb7 67 Bb8 68 Bb5 69 Bb6 70 Bb7 71 Bb8 72 Bb5 73 Bb6 74 Bb7 75 Bb8 76 Bb5 77 Bb6 78 Bb7 79 Bb8 80 Bb5 81 Bb6 82 Bb7 83 Bb8 84 Bb5 85 Bb6 86 Bb7 87 Bb8 88 Bb5 89 Bb6 90 Bb7 91 Bb8 92 Bb5 93 Bb6 94 Bb7 95 Bb8 96 Bb5 97 Bb6 98 Bb7 99 Bb8 100 Bb5 101 Bb6 102 Bb7 103 Bb8 104 Bb5 105 Bb6 106 Bb7 107 Bb8 108 Bb5 109 Bb6 110 Bb7 111 Bb8 112 Bb5 113 Bb6 114 Bb7 115 Bb8 116 Bb5 117 Bb6 118 Bb7 119 Bb8 120 Bb5 121 Bb6 122 Bb7 123 Bb8 124 Bb5 125 Bb6 126 Bb7 127 Bb8 128 Bb5 129 Bb6 130 Bb7 131 Bb8 132 Bb5 133 Bb6 134 Bb7 135 Bb8 136 Bb5 137 Bb6 138 Bb7 139 Bb8 140 Bb5 141 Bb6 142 Bb7 143 Bb8 144 Bb5 145 Bb6 146 Bb7 147 Bb8 148 Bb5 149 Bb6 150 Bb7 151 Bb8 152 Bb5 153 Bb6 154 Bb7 155 Bb8 156 Bb5 157 Bb6 158 Bb7 159 Bb8 160 Bb5 161 Bb6 162 Bb7 163 Bb8 164 Bb5 165 Bb6 166 Bb7 167 Bb8 168 Bb5 169 Bb6 170 Bb7 171 Bb8 172 Bb5 173 Bb6 174 Bb7 175 Bb8 176 Bb5 177 Bb6 178 Bb7 179 Bb8 180 Bb5 181 Bb6 182 Bb7 183 Bb8 184 Bb5 185 Bb6 186 Bb7 187 Bb8 188 Bb5 189 Bb6 190 Bb7 191 Bb8 192 Bb5 193 Bb6 194 Bb7 195 Bb8 196 Bb5 197 Bb6 198 Bb7 199 Bb8 200 Bb5 201 Bb6 202 Bb7 203 Bb8 204 Bb5 205 Bb6 206 Bb7 207 Bb8 208 Bb5 209 Bb6 210 Bb7 211 Bb8 212 Bb5 213 Bb6 214 Bb7 215 Bb8 216 Bb5 217 Bb6 218 Bb7 219 Bb8 220 Bb5 221 Bb6 222 Bb7 223 Bb8 224 Bb5 225 Bb6 226 Bb7 227 Bb8 228 Bb5 229 Bb6 230 Bb7 231 Bb8 232 Bb5 233 Bb6 234 Bb7 235 Bb8 236 Bb5 237 Bb6 238 Bb7 239 Bb8 240 Bb5 241 Bb6 242 Bb7 243 Bb8 244 Bb5 245 Bb6 246 Bb7 247 Bb8 248 Bb5 249 Bb6 250 Bb7 251 Bb8 252 Bb5 253 Bb6 254 Bb7 255 Bb8 256 Bb5 257 Bb6 258 Bb7 259 Bb8 260 Bb5 261 Bb6 262 Bb7 263 Bb8 264 Bb5 265 Bb6 266 Bb7 267 Bb8 268 Bb5 269 Bb6 270 Bb7 271 Bb8 272 Bb5 273 Bb6 274 Bb7 275 Bb8 276 Bb5 277 Bb6 278 Bb7 279 Bb8 280 Bb5 281 Bb6 282 Bb7 283 Bb8 284 Bb5 285 Bb6 286 Bb7 287 Bb8 288 Bb5 289 Bb6 290 Bb7 291 Bb8 292 Bb5 293 Bb6 294 Bb7 295 Bb8 296 Bb5 297 Bb6 298 Bb7 299 Bb8 200 Bb5 201 Bb6 202 Bb7 203 Bb8 204 Bb5 205 Bb6 206 Bb7 207 Bb8 208 Bb5 209 Bb6 210 Bb7 211 Bb8 212 Bb5 213 Bb6 214 Bb7 215 Bb8 216 Bb5 217 Bb6 218 Bb7 219 Bb8 220 Bb5 221 Bb6 222 Bb7 223 Bb8 224 Bb5 225 Bb6 226 Bb7 227 Bb8 228 Bb5 229 Bb6 230 Bb7 231 Bb8 232 Bb5 233 Bb6 234 Bb7 235 Bb8 236 Bb5 237 Bb6 238 Bb7 239 Bb8 240 Bb5 241 Bb6 242 Bb7 243 Bb8 244 Bb5 245 Bb6 246 Bb7 247 Bb8 248 Bb5 249 Bb6 250 Bb7 251 Bb8 252 Bb5 253 Bb6 254 Bb7 255 Bb8 256 Bb

**NYSE**

**Mondays' Closings**  
Tables include the nationwide prices up to  
the closing on Wall Street and do not reflect  
late trades elsewhere. Via The Associated Press

12 Month  
High Low Stock Div Yld PE 100% High Low Lbd Chg

	Div	Yld	PE	100%	High	Low	Lbd Chg
American Home Products	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
AT&T	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Bell Atlantic	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Brown & Root	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Citigroup	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Coca-Cola	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Eastman Kodak	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Ford Motor	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
General Electric	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
IBM	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Kodak	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Merck	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
National Semiconductor	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Pfizer	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Philip Morris	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Procter & Gamble	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
RJR Nabisco	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Sears	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
United Technologies	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Verizon	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Wells Fargo	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
WorldCom	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Xerox	1.00	1.00	15.00	100.00	100.00	95.00	-5.00

12 Month  
High Low Stock Div Yld PE 100% High Low Lbd Chg

	Div	Yld	PE	100%	High	Low	Lbd Chg
Alcoa	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
AT&T	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Bell Atlantic	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Brown & Root	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Citigroup	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Coca-Cola	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Eastman Kodak	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Ford Motor	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
General Electric	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
IBM	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Kodak	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Merck	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
National Semiconductor	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Pfizer	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Philip Morris	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Procter & Gamble	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
RJR Nabisco	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Sears	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
United Technologies	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Verizon	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Wells Fargo	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
WorldCom	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Xerox	1.00	1.00	15.00	100.00	100.00	95.00	-5.00

12 Month  
High Low Stock Div Yld PE 100% High Low Lbd Chg

	Div	Yld	PE	100%	High	Low	Lbd Chg
Alcoa	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
AT&T	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Bell Atlantic	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Brown & Root	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Citigroup	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Coca-Cola	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
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IBM	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Kodak	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Merck	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
National Semiconductor	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Pfizer	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Philip Morris	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Procter & Gamble	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
RJR Nabisco	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Sears	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
United Technologies	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Verizon	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Wells Fargo	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
WorldCom	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Xerox	1.00	1.00	15.00	100.00	100.00	95.00	-5.00

12 Month  
High Low Stock Div Yld PE 100% High Low Lbd Chg

	Div	Yld	PE	100%	High	Low	Lbd Chg
Alcoa	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
AT&T	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Bell Atlantic	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Brown & Root	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Citigroup	1.00	1.00	15.00	100.00	100.00	95.00	-5.00
Coca-Cola	1.00	1.00	15.00	100.00	100.00	95.00	-5.00</

# BUSINESS

**EBEL**  
the architects of time

International Herald Tribune, Tuesday, December 20, 1994

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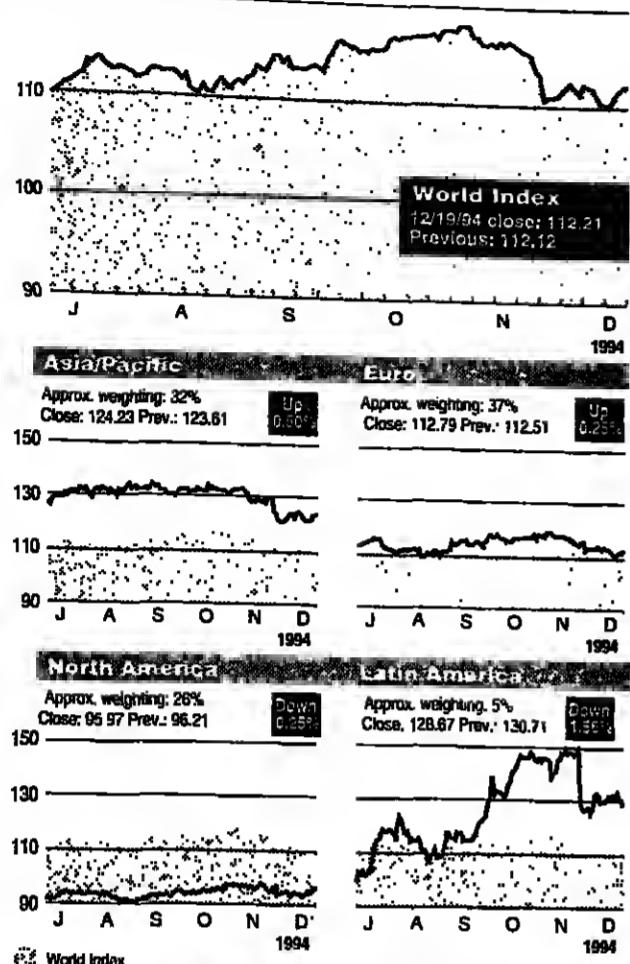


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## BMW to Drive Rolls-Royce Cars

### German Firm Will Supply Luxury Autos' Engines

By Erik Ipsen  
*International Herald Tribune*

LONDON — For the second time this year, the maker of BMW cars has helped itself by coming to the aid of the British automobile industry. Bayerische Motoren Werke AG announced Monday that it would supply Rolls-Royce Motor Cars Ltd. with the massive V-8 and V-12 engines it needs to power its luxury cars.

For Rolls, a subsidiary of Vickers PLC — which makes tanks for the military, among other things — the announcement was a long-awaited acknowledgement that it could no longer bear the cost of developing engines on its own.

For BMW, the deal represents an additional outlet for its top-of-the-line engines — and a little added prestige.

"It does no harm at all to BMW customers to know that Rolls-Royce is using some of the same engines," said John Lawson, an auto industry analyst at DRI/McGraw Hill in London.

Some, however, insisted that for BMW, the accord paled in comparison with the deal the Munich-based company announced in January, when it bought Britain's last large-volume carmaker, Rover Group PLC, for \$200 million (\$1 billion) from British Aerospace PLC.

As Rover's fortunes have improved and sales of its four-wheel-drive Discovery and Range Rover models have soared, that acquisition has looked better and better for BMW.

"The price they paid for all of Rover is basically equal to the cost of developing a new four-wheel-drive vehicle," said Sarah Middleton, an analyst at CS First Boston. She said BMW got not just a

successful four-wheel-drive vehicle but the whole car company. "It was the deal of the year," she said.

Some also have praised BMW for its decision to set up production in the United States, its largest export market.

Keith Hayes, an analyst at Merrill Lynch & Co., said BMW and its rival, Mercedes-Benz AG, had led the European car industry in trying to make their production worldwide. He also said, that in

"It does no harm at all to BMW customers to know that Rolls-Royce is using some of the same engines."

John Lawson, auto analyst at DRI/McGraw Hill.

a way, they were the most unlikely pair to do so.

"They have the most to be complacent about," Mr. Hayes said. "They are the two companies that have achieved the greatest success in selling European-made cars abroad."

Others said BMW had managed increasingly in recent years to outperform Mercedes's parent, Daimler-Benz AG.

In head-to-head competition in the car market, BMW's 3-series has held its own against Mercedes's own C-class cars. And in broader corporate terms, while Daimler has been burdened with its unprofitable AEG AG appliance-making unit and its struggling Fokker NV air-

craft arm, BMW has pressed ahead with plans to make jet engines with Rolls-Royce PLC (which is not related to Rolls-Royce Motor Cars).

"Put alongside Daimler, it is BMW that has made the more sensible moves," said Bob Barber, an analyst with James Capel & Sons Ltd.

He said Daimler's earnings had fallen in five of the last six years, compared with two down years in the last six for BMW. And, unlike either Daimler or Volkswagen AG, BMW had managed to stay profitable throughout the recession.

Such comparisons are made all the more painful for Mercedes by the fact that in Rolls's year-long search for an engine-maker, it was Mercedes that was long thought to have the inside track. With Rolls-Royce and Bentley production totaling only 1,500 cars a year, the deal may not be a major one in volume terms, but the result is still significant.

BMW's successes have come in the face of increasing competition in the luxury-car market. Analysts have complimented the company for its performance not only against Mercedes but also against Toyota Motor Corp.'s up-market Infiniti division and Nissan Motor Co.'s Lexus.

"There is always room for niche players like BMW," Merrill's Mr. Hayes said. "The problem is that niche volumes in the upper end are rising."

In addition to the two Japanese competitors, he cited Ford Motor Co.'s push via its Jaguar unit and that of General

See ROLLS, Page 12

## GATT Chief Likely to Be WTO Caretaker

By Alan Friedman  
*International Herald Tribune*

PARIS — With member nations still unable to agree who will lead the new World Trade Organization when it comes into existence on Jan. 1, diplomats say they will meet Wednesday and expect to agree to ask Peter Sutherland to take the job for a period of at least three months.

Mr. Sutherland, 48, has been director-general of the General

Agreement on Tariffs and Trade since July 1993, and he is widely credited for having helped to push through the Uruguay Round world trade accord last year. It is this and a related agreement that paves the way for GATT being converted to the World Trade Organization.

In April of this year, Mr. Sutherland, a former European Union commissioner and attorney-general in his native Ireland, said he wished to leave his

job shortly before January 1995, when GATT is replaced by the new organization.

In recent months the 125 members of GATT have been unable to achieve the consensus needed to approve a new director-general, and as a result several diplomats said on Monday they planned to ask Mr. Sutherland to stay on as a caretaker for at least three months.

Although Mr. Sutherland's contract runs until June 1995, he has told friends he wants to spend more time with his family in Dublin. He is, however, likely to agree to stay on for a few more months in order to ensure an orderly transition for his successor at the Geneva-based organization.

The three men now campaigning for the job being vacated by Mr. Sutherland are Carlos Salinas de Gortari, the former president of Mexico, Renato Ruggeri, an executive at Fiat SpA in Turin, and Kim Chulsoo, South Korea's trade minister.

Mr. Salinas has the backing of the United States and most Latin American governments, and is said by diplomats to be picking up broad support from African countries, including South Africa and Morocco.

Mr. Ruggeri, who served as Italy's foreign trade minister under former Prime Minister Giulio Andreotti, has the backing of the European Union as well as the support of some former European colonies.

## EU Ministers Bless World Trade Pact

By Tom Buerkle  
*International Herald Tribune*

BRUSSELS — European Union foreign ministers endorsed the Uruguay Round global trade agreement on Monday, ensuring that all of the world's major trading nations will put the accord's tariff cuts and other liberalization measures into effect beginning Jan. 1.

"We have given a huge boost to the European economy," said Sir Leon Brittan, the EU trade commissioner. The global accord will lower tariffs by more than one-third, extend trade rules to services and set up a powerful World Trade Organization to resolve disputes.

Separately, Sir Leon expressed hope of resolving by year-end a tariff dispute with the United States over semiconductors and other items that threatens to mar the start-up of the Uruguay Round pact.

Sources said Sir Leon spoke by telephone last week with the U.S. trade representative, Mickey Kantor, after earlier talks between officials ended in deadlock. Sir Leon refused to give details of the discussion but said the Union made a "reasonable offer" that should lead to a temporary solution of the dispute. U.S. sources said officials would resume negotiations via a phone conference on Wednesday.

The United States is demanding compensation for the adoption of EU tariffs by Sweden, Finland and Austria when they enter the Union on Jan. 1.

Washington claims the move will raise duties on U.S. exports by more than \$200 million and affect some \$3 billion worth of

trade, ranging from chips and computer parts to orange juice.

The endorsement of the Uruguay Round accord was a low-key end to more than a year of wrenching debate over European trade policy. The only dissent came from a group of six countries led by Germany, Belgium and the Netherlands, which said their support did not extend to the Union's banana quotas.

As part of their move, ministers also endorsed a toughening of Europe's trade defenses that will make it easier for corporations to initiate complaints and strengthen the definitions of subsidies used in anti-dumping cases.

Formal EU ratification will come Thursday. Six of the 12 EU parliaments also have ratified, while France, Spain, Portugal, the Netherlands, Belgium and Greece have pledged to follow suit by Dec. 30.

Separately, Greece continued to block agreement on establishing a customs union between the Union and Turkey, but officials indicated a breakthrough was likely early next year.

All other ministers endorsed the position of Foreign Minister Klaus Kinkel of Germany, who said the Union should complete a deal as quickly as possible even as it protests the lengthy prison sentences handed down recently to Kurdish members of Turkey's Parliament.

Officials of France, which will take over the EU presidency in January, said they would hold off talks on EU membership for Cyprus, a long Greek aim, until Athens lifts its objections to closer ties with Turkey.

## Chinese Firms Vow to Contest Suit by Lehman

By Kevin Murphy  
*International Herald Tribune*

HONG KONG — A leading Chinese industrial group threatened Monday to counter sue in a dispute with the U.S. securities house Lehman Brothers Inc. that has led to sour foreign investors' perceptions of China.

Two metals and minerals trading companies of the group said they would contest a \$52 million lawsuit filed against it in New York.

Standard & Poor's said these developments should be reflected in assessments of China's sovereign credit rating. "The perception that some Chinese companies will walk away from their obligations is out there in the market," said a fixed-income securities analyst in Hong Kong. "It means it will

See LEHMAN, Page 13

## Caesars World Soars on ITT's \$1.7 Billion Bid

The Associated Press

NEW YORK — Caesars World Inc.'s stock price leaped 46 percent Monday after ITT Corp. offered to buy the big casino operator for about \$1.7 billion, in a major expansion of the conglomerate's hotel and entertainment business.

The friendly bid would unite one of the best-recognized names in gaming with ITT's Sheraton hotel chain.

ITT said in light of the deal, it would scrap plans to build a \$750 million resort on the Las Vegas Strip. It had announced in May it would build a large resort next to its Sheraton Desert Inn.

ITT offered \$67.50 a share for all of Caesars' stock, a 49 percent premium to its closing price of \$45.25 a share Friday. Caesars shares soared \$20.75, to \$66 in heavy trading, while ITT slipped 37.5 cents, to \$81.50.

ITT has been expanding its lodging and entertainment businesses as it seeks a balance between that division and its insurance and manufacturing units.

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# For Thrills and Chills, It's Jakarta

## Stocks May Surge Again, but Ride Won't Be Smooth

By Paul Blustein  
*Washington Post Service*

JAKARTA — Among the markets that have sprouted and surged throughout the developing world over the past several years, few are yearner than the one in Indonesia's capital.

The Jakarta Stock Exchange was barely functioning six years ago, when a typical day's trading was a half-hour's desultory swapping of the two dozen listed issues.

Today the exchange has more than 200 listed companies and is one of the darlings of international fund managers.

Its composite index soared 115 percent in 1993, although it has given up about 20 percent this year. The 1993 advance made Indonesia Asia's third-fastest-rising market then, and foreign brokerage companies are pouring into Jakarta in the expectation that the exchange will become one of the biggest in East Asia early in the next century.

Indonesia, the world's fourth-most populous country, possesses vast natural resources and has seen annual economic growth of nearly 7 percent for the past five years. The World Bank recently praised the country's economic performance over the past 25 years as one of the best in the developing world.

While the exchange's investment appeal is hardly a secret anymore, some analysts say Indonesian shares are poised for a further advance.

"I have been to Indonesia for a week and returned a convert," David Scott, regional strategist for W.L. Carr Ltd. in Hong Kong, said.

Kong, said in a newsletter to clients a few weeks ago.

"We hear so much about China and India, yet Indonesia rarely merits a mention," Mr. Scott said. "This is quite wrong. Indonesia has a fantastic economy and is a great long-term story."

Maybe so. But like most emerging markets, it is also full of pitfalls and of violent ups and downs.

The Jakarta exchange's composite index plunged from 681.90 points in April 1990

to 224.70 in October 1991, then roared back to 612.80 in January of this year before retreating again. It closed at 459.39 Monday, up 0.61 for the day.

Shares of even the biggest Indonesian companies often rise or fall by 5 percent or even 8 percent in a single day, and a relatively small order from a foreign broker can spark a trading frenzy that drives a share's price sharply higher or lower.

"It's a very illiquid market, with very low daily turnover," said Eugene Galbraith, president of the brokerage firm HG

Asia Indonesia. "On a good day, there will be \$50 million or \$60 million worth of trading." That compares with daily volume in the billions or hundreds of billions of dollars in major international markets.

"It's a problem that will improve with time," Mr. Galbraith said, "but right now it's a real constraint, tying up your ability to realize profits."

Then there's the problem of lax rules.

"It's a bit of a cowboy town," said the research director at another brokerage firm.

"The market is quite sophisticated as

developing markets go, but three days before announcing their results, the companies can be relatively relaxed about telling what the results will be."

For these and other reasons, local brokers advise foreigners against investing directly in Indonesian companies and to rely instead on mutual funds that specialize in the country's shares.

Among the better-managed funds, according to brokers here, are JF Indonesia Fund, managed by Jardine Fleming Securities; Indonesian Development Fund, managed by Templeton Investment Management; and Batavia Fund, managed by Morgan Grenfell Investment Management.

Indonesian authorities are taking steps to correct some of the market's deficiencies. The stock exchange is being moved into a new facility that will allow fully automated trading, and the government is drafting a securities law aimed at tightening regulations and bolstering confidence in the market's fairness.

## Mutual Funds From U.S. Face Squeeze in Asia

*Bloomberg Business News*

TOKYO — American mutual-fund operators are finding out that investing money in Asia can be like sending troops to a battle: Once committed, it is not always easy to retreat.

With most markets in the Pacific Rim region registering big declines this year, American funds "will certainly pay a price to get out," says Michael Lipper, president of Lipper Analytical Services Inc. "Each portfolio will pay a different price."

Many fund managers, especially in smaller markets, have piles of stock that they cannot unload except at fire-sale prices.

Yet they need cash to handle a wave of fund redemptions in recent weeks by U.S. investors reacting to falling stock prices, such as the more than 12 percent tumble last month in Hong Kong's Hang Seng Index, and rising yields in the bond market.

Investors signaled their flagging confidence in Asian stock markets in November by pulling \$218.5 million out of American mutual funds investing in the region, according to Lipper.

Mutual funds dedicated to Asia were one of the main forces behind the gains in the region's markets last year, when the benchmark index in Malaysia's rose 90 percent and Hong Kong's more than doubled.

Moreover, American investors supplied 91 percent of the \$2.4 billion that moved into funds investing in Asia, excluding Japan, in the first three quarters of 1994 and about 60 percent of the total inflow in the pre-

vious three years, according to Salomon Brothers Inc.

Early this month, America's largest mutual fund company, Fidelity Investments, said its customers had taken \$100 million out of its stock funds in November, the first time they had been net sellers in eight months.

Days later, news that Fidelity's \$37 billion Magellan fund, the world's largest, would cancel a year-end payout to investors because of a calculation error sent minor shock waves through some Asian markets as investors foresaw a rash of redemption-related selling. The Hang Seng index fell almost 7 percent.

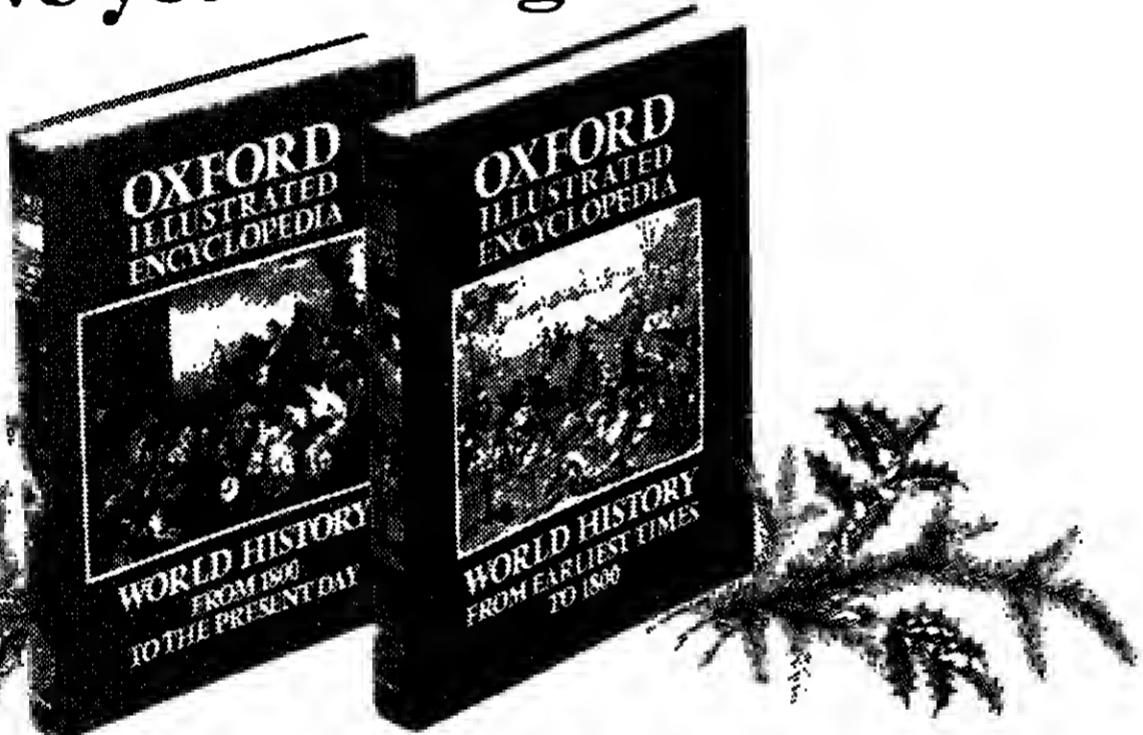
Making matters worse are speculators who are using put options and short-selling techniques in these bear markets, which are ways of betting that certain stocks will fall even further.

Some brokers say the American funds' predicament provides a good opportunity to buy Asian stocks.

Once the funds have adjusted their holdings to reflect demand back home, in America, they say, Asian markets will cease to be as vulnerable to shifts in U.S. investors' views — and investors in Asia can start paying attention to such basics as corporate profits and booming economies.

The Vickers Ballas Investment Research Ltd. brokerage house, in fact, has already sounded the call. Its strategy report for 1995 recommends buying stocks of several Pacific countries, saying "buoyant Asian economies" would continue to attract funds.

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# SPORTS

## Swimming in a Pool of Drugs: How the IOC Netted Chinese Athletes

By Jere Longman  
New York Times Service

ATLANTA — As they climbed from the pool on Sept. 30 after a workout in Hiroshima, Japan, 16 Chinese swimmers were met with an unexpected request. Not for interviews or autographs, but for urine samples.

Suspicion of drug use by Chinese swimmers had reached a feverish stage. Several weeks earlier, the Chinese women had won 12 of 16 gold medals at the world championships in Rome.

Officials from the United States and other swimming powers, convinced that the Chinese were using illicit, but undetected, substances to enhance their performances, had demanded more surprise, out-of-competition testing.

The Asian Games were set to begin in two days. During the games, the winners of each event would have routinely been expected to undergo drug tests. But the Sept. 30 test caught the Chinese off guard.

"They were surprised, but after about 10 minutes they cooperated," said Dr. Yoshiteru Mutoh, a Japa-

nese physician who collected the urine samples for FINA, swimming's world governing body.

These urine samples, along with others taken during the Asian Games, produced a startling, disturbing result: the first indication of widespread use of a banned anabolic steroid called dihydrotestosterone, commonly known as DHT.

Steroids are used by athletes to build muscle mass and speed recovery from workouts and injury. Tests taken during the Asian Games yielded positive DHT results from 11 Chinese athletes, seven of them swimmers, including three women's world champions. So many positives among athletes from one country at one event is believed to be unprecedented.

All of the athletes were suspended for two years, which will prohibit them from participating in the 1996 Summer Games in Atlanta, where Olympic officials from 192 nations gathered for meetings last week.

The test results represented a significant breakthrough for Olympic scientists, who have been engaged in a high-tech cat-and-mouse game

with athletes who are using increasingly sophisticated techniques to circumvent the rules of sportsmanship and fair play.

"This is what makes this occupation so interesting," said Dr. Manfred Donike, a German chemist who is the International Olympic Committee's guru concerning matters of doping control.

The failed tests have led to increased suspicion of institutionalized doping in China, and to broad skepticism about the credibility of China's emerging sports empire.

According to figures provided by Chinese officials, 36 Chinese athletes in various sports have tested positive for banned substances this year, and 45 since 1988. In swimming, there have been 22 positive drug tests since the 1972 Olympics — 13 by Chinese athletes.

"It is my personal impression that, in swimming, the use was at least widespread" by Chinese athletes at the Asian Games, Donike said, referring to DHT. "Systematically, if it has been used on the order of trainers and functionaries, I can-

not say. It is difficult to say what is the amount of collective criminal energy behind it."

For two decades, Donike's laboratory in Cologne has pioneered testing for anabolic steroids. It recorded the first positive result in 1978, and it established the 6:1 ratio of testosterone, the male sex hormone, to epitestosterone, a related hormone, as the point at which a drug test is considered positive.

Drug-test results, called steroid profiles, resemble a pharmacological mountain range, with chemical peaks representing excessive levels of banned substances. Testosterone is produced naturally in both men and women, but is banned when introduced externally as a performance-enhancing substance.

As testosterone metabolizes in the body, one of the by-products produced is DHT. It is more powerful than testosterone. Thus, it is effective in smaller, less detectable amounts when used illicitly through injection, tablets or by being rubbed into the skin.

In 1988, Donike developed five

chemical fingerprints that would positively identify DHT in a urine sample. Until now, however, only one athlete — a Belgian cyclist in 1992 — had tested positive for DHT, which can be obtained from chemical-supply companies in the United States and Europe. Because there was no perceived widespread use, only a few of the IOC's 24 accredited drug laboratories routinely tested for the steroid.

"I would not have expected the extent that in one nation, one swimming federation, that DHT would have been systematically used or misused," Donike said of the Chinese.

Still, rumors had begun circulating that DHT had become the latest designer drug. The Chinese women were under suspicion, particularly for meteoric successes in swimming and distance running. A Chinese woman did not win an Olympic medal in swimming until 1988. Six years later, they were dominating the world championships.

Further adding to suspicion about China was the influence there of

coaches from the former East Germany, which, it has been documented since reunification, operated a state-sponsored doping program to produce fraudulent athletic excellence.

Beginning with the out-of-competition testing by FINA in Hiroshima, these suspicions about China would be confirmed on an astounding scale.

In Japan, FINA officials simply approached the Chinese swimmers on Sept. 30 as they left the pool and requested an immediate urine sample. To have refused would have meant automatic suspension.

Two Chinese world champion swimmers tested positive in the tests: Yang Aihua for excessive levels of testosterone and Lu Bin for excessive DHT.

Then came a second set of tests, which were conducted during the Asian Games and which also raised the suspicion of DHT use. Both sets of tests were analyzed at the Mitsubishi lab in Tokyo, which proved critical to catching the Chinese. It is one of the few IOC-sanctioned labs regularly testing for DHT.

With the test results in, Donike was contacted in early October by Dr. Yoshiro Kuroda, president of the Asian Olympic Committee.

"Nobody thought the Tokyo lab could detect DHT," Kuroda said. "That's a key point."

On Nov. 7, Donike flew from Germany to Tokyo to examine a redundant set of tests from the 1994 Asian Games. A few days later, the results were announced. Eleven Chinese athletes, including Lu, Yang and a third world champion swimmer Zhou Guanbin, had tested positive for DHT, their steroid profiles showing pharmacological anomalies.

"Young athletes have no knowledge of how to take this," Kuroda said. "Somebody maybe gave them the drugs."

The Chinese Olympic Committee, which has acknowledged the possibility that coaches and trainers supplied the drugs, is conducting an internal inquiry. The swimmers, who have denied knowingly taking DHT, are appealing their suspensions.

### SCOREBOARD

#### NFL Standings

##### AMERICAN CONFERENCE

##### WESTERN CONFERENCE

##### PACIFIC DIVISION

##### SUNDAYS' RESULTS

##### NATIONAL CONFERENCE

##### EAST

##### WEST

##### SUNDAY'S COLLEGE SCORES

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# SPORTS

## Season's Prospects Dim As No NHL Talks Are Set

The Associated Press

**NEW YORK** — As the National Hockey League lockout entered its 79th day Monday, no talks were scheduled and it appeared that it would be determined this week whether there would be an NHL season.

"The earliest that full bargaining could resume was Tuesday. I don't think anybody is kidding ourselves," said the Philadelphia Flyers' general manager, Bob Clarke. "We are running real short of time."

The head of the players' union, Bob Goodenow, told The Canadian Press: "People from both sides were planning to get together Monday but now that schedule may change. Nothing has been set."

Given the Christmas travel problems, if full talks begin Tuesday or Wednesday, negotiations likely would adjourn Friday to allow the participants to return home.

## Owners May Give Last-Gasp Baseball Talks 2d Wind

Compiled by Our Staff From Dispatches

**WASHINGTON** — What could be the biggest week in the bitter baseball talks began slowly Monday, although there was a chance that the twice-delayed deadline for implementation of a salary cap could be extended again.

Baseball's acting commissioner, Bud Selig, speaking from his home in Milwaukee, said Thursday's deadline for an agreement between striking players and ownership stood for the time being. But he said the owners might pause once again if the two sides came closer this week.

"We'll see what kind of progress there is," Selig, the Milwaukee Brewers' owner, said Sunday. "That's something we'll have to use common sense on."

The players were expected to have a new proposal in the last-gasp talks on Monday, basing it on some of the things they heard from the owners' group last week.

"We're hoping for one," said Stan Kasten of the Atlanta Braves. "That would be helpful."

Only one member of the owners' six-

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negotiating

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was to

attend

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## ART BUCHWALD

## Thanks for the Money

**WASHINGTON** — I was jogging past the Capitol the other morning when a Democratic congressman, Doug Anderson, stopped me and said, "Are you a member of the middle class?"

"You better believe it," I told him. "Everyone who knows me says that I'm middle class."

"Then," he said, putting his hand into his briefcase and pulling out a fistful of dollars, "you are entitled to a tax cut."

I was embarrassed to accept it. "I thought you people were trying to balance the budget," I said.

"We are, but that doesn't mean we can't afford to give the middle class a little 'walking-around' money. After all, you are hard-working, God-fearing, salt-of-the-earth people and a credit to the class you represent," Anderson explained.

Buchwald

"That's very nice of you," I said to Cloutier.

"But won't your cuts add to the national deficit?"

"Of course not. The less taxes people pay, the more they can take home and spend. That will encourage investment in the country and create jobs for the country on welfare."

Cloutier went to his briefcase and pulled out a bunch of Orange County, California, derivatives.

"What are those?" I asked Cloutier.

"They're as good as gold," he assured me. "Take them to any brokerage house and trade them in for cash. By the way, this is only for the middle class. Do you have any proof that you are one of them?"

"All my suits are from Sears Roebuck, my shoes are from Thom McAn, and I have a dog named Spot."

Cloutier smiled. "That's good enough for me."

□

Anderson was furious that the Republicans were stealing me away. He said, "We'll give you a tax cut of 25 percent and an additional 25 percent off the price tag."

I took the moeey and ran. As I was jogging past the White House, President Clinton came out and spoke to me. "I notice by the way you are perspiring that you are a middle-class person and I would like to give you a tax cut."

"I was just given one on Capitol Hill," I told the president.

He said, "Mine is more breathtaking than anything they're offering, and it doesn't conflict with my strict fiscal policy."

"How can you afford to do that?" I asked.

"We have a saying in Washington: If you have to ask what a tax cut will cost the country, you can't afford it."

## City of Culture for 1995

**LUXEMBOURG** — Luxembourg will take over from Lisbon as the European City of Culture in 1995. Already on the program are the Spanish tenor José Carreras, the American choreographer Merce Cunningham and the Vienna Symphony Orchestra.

## WEATHER

Europe		Today	High	Low	Wind	Tomorrow
		High	Low	Wind	High	Low
Cloud	Cloud	Cloud	Cloud	Cloud	Cloud	Cloud
Aberdeen	15.59	8.45	16.61	9.49	N	15.62
Amsterdam	5.71	2.65	5.98	1.94	S	5.72
Antwerp	5.71	2.65	5.98	1.94	S	5.72
Athens	12.53	8.45	13.55	9.49	E	12.54
Bari	11.52	4.25	13.53	6.43	E	11.53
Bari	2.37	1.31	2.25	1.24	N	2.38
Brussels	6.43	2.65	6.63	1.94	S	6.44
Budapest	3.07	0.75	3.27	1.31	N	3.08
Copenhagen	1.37	0.75	1.48	0.88	N	1.38
Cork	15.79	7.44	16.61	9.49	NE	15.80
Dublin	2.43	0.75	2.58	1.24	N	2.44
Glasgow	6.43	2.65	6.63	1.94	S	6.44
London	2.43	0.75	2.58	1.24	N	2.44
Madrid	12.53	8.45	13.55	9.49	E	12.54
Milan	4.23	1.21	4.34	0.88	N	4.24
Munich	3.27	0.75	3.40	1.24	N	3.28
Nice	6.43	2.65	6.63	1.94	S	6.44
Oulu	-1.31	-2.67	-1.21	-4.25	S	-1.32
Paris	11.52	4.25	13.53	6.43	E	11.53
Prague	2.05	1.21	2.18	1.24	N	2.06
Rome	3.27	0.75	3.40	1.24	N	3.28
Rome	9.45	4.25	9.48	2.35	S	9.46
St. Petersburg	2.63	0.75	3.27	1.31	N	2.64
Stockholm	2.76	1.21	2.79	3.27	N	2.77
Tallinn	2.55	0.75	2.68	1.24	N	2.56
Vilnius	7.14	2.65	7.31	1.94	S	7.15
Vienne	2.05	1.21	2.18	1.24	N	2.06
Vienna	1.64	1.21	1.74	1.24	N	1.65
Zurich	1.34	1.21	1.74	1.24	N	1.35

Forecast for Wednesday through Friday, as provided by Accu-Weather.

**North America** Unusually mild weather for late October is expected to last through Saturday. A storm will bring seeking rains to the West late in the week, and there could be rains in the Midwest. A cold front will have strong winds at the end of the week with strong winds and a driving rain. Vancouver will have wet weather late in the week.

**Asia** There could be episodes of heavy rain in London and Paris late this week. A storm will bring seeking rains to Istanbul late in the week, and there could be rains in the Midwest. A cold front will have strong winds Wednesday through Friday. Vancouver is possible in Singapore.

**Middle East** Unusually mild weather for late October is expected to last through Saturday. A storm will bring seeking rains to the West late in the week, and there could be rains in the Midwest. A cold front will have strong winds at the end of the week with strong winds and a driving rain. Vancouver will have wet weather late in the week.

**Latin America** All maps, forecasts and data provided by Accu-Weather. © 1994

Asia		Today	High	Low	Wind	Tomorrow
		High	Low	Wind	High	Low
Cloud	Cloud	Cloud	Cloud	Cloud	Cloud	Cloud
Almaty	14.87	10.50	14.87	11.62	N	14.88
Asian Town	14.05	8.04	14.05	12.53	N	14.06
Beijing	2.79	1.21	2.84	3.27	S	2.80
Hong Kong	20.61	14.61	20.62	17.62	SE	20.62
Kuala Lumpur	24.75	16.65	24.75	19.48	S	24.76
Seoul	0.72	1.21	0.74	1.23	N	0.73
Singapore	28.32	21.73	28.32	24.75	S	28.33
Taipei	21.70	15.61	21.70	15.59	S	21.71
Tokyo	9.45	2.75	9.46	4.29	N	9.46

**Africa** All maps, forecasts and data provided by Accu-Weather. © 1994

**North America** All maps, forecasts and data provided by Accu-Weather. © 1994

**THE** Rolling Stones wound up the North American segment of their world tour with a performance in Vancouver, British Columbia, on Keith Richards's 51st birthday. The group will take a three-week break for the holidays and resume the tour in January in Mexico City.

The columnist Mike Royko was handcuffed, put in the back of a patrol car and charged with drunken driving and resisting arrest after a two-car accident in suburban Chicago, the police said. Royko, 62, who writes a syndicated column for the Chicago Tribune, was slightly hurt but refused treatment. The other driver was treated at a hospital and released.

Vincent Canby, the Sunday theater critic of The New York Times, has been named chief theater critic. David Richards, The Times's chief theater critic since 1993, is returning to The Washington Post as national cultural affairs correspondent.

In a Christmas tradition of her own, Princess Diana is expected to join her estranged husband, Prince Charles, and Queen Elizabeth for only part of the royal



Keith and Mick: That's all for '94.

holiday observances, according to British newspapers. Diana plans to see her sons, William, 12, and Harry, 10, open presents

on Christmas Eve and attend church on Christmas with the queen and Charles. But she'll duck out of lunch, as she has done since separating from Charles in 1992.

"Little Women" wasn't exactly a bodice-ripper, but another novel written by Louisa May Alcott is finally headed for print. "A Long Fatal Love Chase" was sold to Random House for an undisclosed amount by a collector of Alcott memorabilia, Kent Bicknell. It should be published next year, according to The New Yorker magazine. The story of a strong-willed young woman stalked all over Europe by her first lover was rejected in 1866 by Alcott's publisher as "too long and too sensational." This is an adult book, and it's not just for dusty scholars," Bicknell told the magazine. "It's for people at the beach."

Bruce Springsteen won a legal battle on Monday to prevent Dare, a small British record company, from releasing a double album of songs he made before he became famous. "Prodigal Son" contained tracks recorded in 1971 at a studio in New Jersey. Springsteen got his first record in 1973, shortly after signing with Columbia.

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International Herald Tribune, December 20, 1994  
Page 20  
ART BUCHWALD  
Thanks for the Money  
By Bill Keller  
New York Times Service  
JOHANNESBURG — James Earl Jones recalls that when he was offered the lead in a new film adaptation of Alan Paton's classic, "Cry, the Beloved Country," his first reaction was: "Wouldn't that be a museum piece?"

The novel, after all, predates the official racist order called apartheid. It has been for decades a staple of high school and college reading lists. It has been dramatized twice before, as an acclaimed Broadway musical and a rather less-acclaimed film.

What can it possibly say fresh to a world that has watched South Africa's convulsive rebirth as a democracy? But the makers of the new production, who recently concluded 12 weeks of filming here with an eye to opening at the Cannes film festival next May, convinced Jones that in this 46-year-old standard they had found the perfect first film of the new South Africa.

"It's maybe in both its fight and its darkness, in its devotion to the redemptive power of reconciliation but also in its reminder that, as Joes puts it, 'there's a bottom to that bucket.' Paton's story has much in common with the South Africa of Nelson Mandela.

movie was a failure at the box office. "It was a bit too much on the nose," Roodi said. "It was too aware that it was anti-apartheid film."

Jones brought a cassette of the 1951 version with him to study, and said he admired Canada Lee's performance of Kumalo as "a stalwart oak." His own Stephen Kumalo, he said, would be less oaklike, perhaps more Christlike in his almost dogmatic insistence on turning the other cheek.

"Young people will probably feel more comfortable with Canada's than mine," Jones said. "There's something very unsettling about someone who insists on turning the other cheek. Because we're all afraid we won't survive that way."

"Lost in the Stars," the 1949 stage adaptation by Maxwell Anderson, dropped out to watch Jones, as the country parson, arrive bewildered in a Pretoria square transformed by period street lights and vintage buses into

1940s Johannesburg. The backdrop was the Palace of Justice where in 1964 Mrs. Mandela watched her husband being sentenced to life imprisonment. The trial of Kumalo's son, Absalom, was filmed in courtroom C, where Mandela was tried.

Aside from three leading players — Jones, Richard Harris as the father of the murdered white man and Charles Dutton as Stephen Kumalo's brother, a duplicitous firebrand — the cast and crew are South Africans. The screenwriter, Ronald Harwood, who was an Oscar nominee for "The Dresser," is South African-born.

Anant Singh, the South African producer, said he bought the rights to the novel six years ago, planning to hoard the story until he could make it as a celebration of